



Workgroup Recommendations to Inform the 2022 Child Care Workforce Strategic Plan

November 2022



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Executive Summary

House Bill (H.B.) 619, passed in 2021 during the 87th Legislature of Texas, directs the Texas Workforce Commission (TWC) to prepare a child care workforce strategic plan to improve the quality of the infant, toddler, preschool, and school-age child care workforce in Texas. TWC contracted with the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin and Dr. Cynthia Osborne and the Prenatal-to-3 Policy Impact Center at Vanderbilt University to develop the recommendations that would inform the strategic plan. To develop a set of recommendations, the Prenatal-to-3 Policy Impact Center (1) conducted a landscape scan of best practices in Texas and other states, (2) convened a group of 27 Texas child care experts who formed the 2022 Texas Child Care Strategic Plan Workgroup (Workgroup) and (3) designed and administered the 2022 Texas Child Care Director Survey (Texas Director Survey), which surveyed child care directors about the characteristics and compensation of the early childhood educators at their child care program. The Workgroup used their experience and expertise along with the Texas Director Survey findings to create recommendations in this plan.

Child care is in crisis

H.B. 619 was developed in response to the stark reality of the child care industry in Texas. The COVID-19 pandemic put additional strain on an already struggling industry. Child care programs faced dire financial situations even before the pandemic, but since 2020 thousands of child care programs in Texas permanently closed their doors; even now Texas has almost 1,600 fewer child care programs than in March 2020.¹ Many child care programs that remain open cannot operate at full licensed capacity because they cannot hire or retain enough early childhood educators. Early childhood educators are leaving the field because of the low wages of the industry and higher wages elsewhere, but child care programs operate on thin margins and cannot afford to pay early childhood educators any more without raising tuition for families. Families are already paying more than they can afford for child care.

Raising the quality of the child care workforce requires stabilizing the industry as a whole, which requires bold action to support early childhood educators, child care programs, and families: raising the quality of the child care workforce first means raising workforce compensation. This crisis affects more than just Texas families: early childhood educators are the workforce behind the workforce, and child care is part of the infrastructure of the Texas economy that allows businesses to operate. Child care is a critical industry for the Texas economy, for families who need to work, and for healthy child development.

Feedback from the Workgroup

The Workgroup of child care experts, which included educators, directors and owners, and community stakeholders, met both in-person and remotely between February and October of 2022 to share their experiences, discuss potential solutions and strategies that Texas could implement, and build consensus around the set of recommendations to inform the strategic plan. The Workgroup provided many clear recommendations to contribute to workforce quality in Texas, but the key message of the Workgroup is: to raise workforce quality, early childhood educators need higher compensation.

Results of the Texas Director Survey

The Texas Director Survey was sent out to a representative sample of child care programs across Texas, and more than 750 directors completed the survey. Key findings include:

- Almost all early childhood educators in Texas (85%) make less than a living wage.
- Nearly all child care directors face major hiring challenges, typically because:
 - the wages they can pay are too low (77%) and
 - other jobs pay more (70%).
- 70% of early childhood educators who work full time do not receive health insurance from their employer.
- 49% of early childhood educators do not have access to paid sick leave.
- Pay is low for the whole ECE workforce, but there are still inequities:
 - Early childhood educators in rural areas make less than early childhood educators in urban areas;
 - Early childhood educators at child care programs that accept subsidies make less than those who work for child care programs that do not;
 - Compared to White early childhood educators, Hispanic early childhood educators earn significantly less *regardless* of education, experience, or location.

Workgroup Recommendations to Inform the 2022 Child Care Workforce Strategic Plan

The Workgroup developed a set of 11 recommendations composed of 40 specific strategies, informed by the Workgroup's professional experience and expertise and the results of the Texas Director Survey.

- The first three recommendations include major initiatives that could transform the child care system in Texas to provide high-quality child care to support the children, families, and businesses of Texas.
- Recommendations four through nine include specific guidance for TWC, Local Workforce Development Boards (Workforce Boards), and other agencies to raise workforce quality and support the child care sector.
- The final two recommendations focus on ensuring the successful implementation of the strategic plan, and include specific strategies to facilitate its success.

Workgroup Recommendations

Provide retention
bonuses directly to
early childhood
educators to attract and
retain a high-quality
workforce

Take steps to stabilize the child care system by reimbursing at true cost of quality care for all CCS slots, and invest in sustainability by increasing access to CCS.

Develop a competency framework to monitor, evaluate, support, and reward a high-quality child care workforce Increase number of high school graduates working as high-quality early childhood educators and create pathways to link students to ECE field

Allow each step along the educational pathway for early childhood educators to apply to the next step

Increase awareness of and access to existing resources for highquality professional development for all early childhood educators

Align Workforce Boards on best practices for how to support child care programs and early childhood educators

Expand access to health insurance benefits for early childhood educators

Ensure that TECPDS is useful to child care programs and early childhood educators and require the ECE workforce to use it

Establish governance at state and local levels that is responsive to the needs of the child care industry

Secure sustainable funding for child care

Workgroup Recommendations to Inform the 2022 Child Care Strategic Plan

Provide retention bonuses directly to early childhood educators to attract and retain a highquality workforce

- 1.1 In year one (FY24), provide a \$6,000 flat-rate retention bonus to every early childhood educator
- 1.2 In fiscal years two and three (FY25 and FY26), provide a retention bonus tiered by education and experience ranging from \$6,000 to \$10,000 annually

Take steps to stabilize the child care system by reimbursing at true cost of quality care for all CCS slots, and invest in sustainability by increasing access to CCS

- 2.1. TWC calculates reimbursement rates for child care subsidies based on true cost of quality care instead of market prices for all current CCS slots
- 2.2 Texas expands access to child care subsidies and funds subsidies for all currently eligible children, up to 85 percent of SMI
- 2.3 Texas expands eligibility for child care subsidies up to 150 percent of SMI, with a copay schedule that caps family contribution to child care at 10 percent for families above 85 percent of SMI

Develop a competency framework to monitor, evaluate, support, and reward a high-quality child care workforce

- 3.1 TWC develops a package of competencies representing the minimum set of skills that all early childhood educators should be able to demonstrate
- 3.2 TWC works with TECPDS to develop a system for assessing, building, and tracking competencies
- 3.3 TECPDS connects child care programs and early childhood educators to professional development that align with missing or in-progress competencies
- 3.4 TECPDS integrates demonstration of competencies into the TECPDS Career Pathway and progress is rewarded with pay increases

Increase number of high school graduates working as high-quality early childhood educators and create pathways to link students to ECE field

- 4.1 Texas expands access to the CDA in high schools
- 4.2 Workforce Boards support partnerships between high schools and 3- and 4-Star child care programs to enable students to complete required CDA hours
- 4.3 TEA standardizes instructional quality for the CDA within the Career and Technical Education program
- 4.4 Workforce Boards compensate Texas Registered
 Trainers to act as Professional Development
 Specialists who can complete CDA Verification Visits
- 4.5 TWC modifies Professional Development Scholarship
 Program eligibility requirements to ensure all Texas high
 school students qualify for scholarships

Allow each step along
the educational
pathway for early
childhood educators to
apply to the next step

- 5.1 Higher Education Coordinating Board standardizes the number of college credits granted for a CDA
- 5.2 Texas incentivizes community colleges to develop an Associates of Arts and Teaching (AAT) degree in early childhood education
- 5.3 Texas mandates or incentivizes transfer of credits earned during an AAT degree to four-year state universities

Increase awareness of and access to existing resources for high-quality professional development for all early childhood educators

- 6.1 TWC expands access to free professional development options for early childhood educators
- 6.2 TWC increases the visibility of professional development by creating lists of preferred high-quality resources, with a focus on free resources
- 6.3 TWC directs state-funded providers of free professional development to create and offer trainings in both Spanish and other key languages
- 6.4 Workforce Boards offer small grants to child care programs, prioritizing home-based and small center-based programs that enable early childhood educators to be paid for time spent in professional development

Align Workforce
Boards on best
practices for how to
support child care
programs and early
childhood educators

- 7.1 Workforce Boards set early childhood educators as a priority group for receiving child care subsidies
- 7.2 TWC increases standardization between and across Workforce Boards for how to support quality child care
- 7.3 Workforce Boards create Child Care Committees to facilitate communication with child care sector
- 7.4 Workforce Boards establish early childhood education as a targeted occupation
- 7.5 Texas simplifies entrance into field and enables Workforce Boards to support background checks and fingerprinting
- 7.6 Workforce Boards increase the number of paid professional development days eligible for reimbursement

Expand access to health insurance benefits for early childhood educators

- 8.1 Texas expands Medicaid
- 8.2 Texas includes the cost of benefits in the true cost of quality care and funds subsidy expansion, enabling child care programs to pay for employee health insurance
- 8.3 Texas passes legislation to allow early childhood educators to buy into public school health insurance
- 8.4 Workforce Boards create and manage early childhood education health group cooperatives

Ensure that TECPDS is useful to child care programs and early childhood educators and require the ECE workforce to use it

- 9.1 TWC fully funds any needed enhancements to TECPDS based on results of the usability study
- 9.2 TWC funds a full-time employee in every Workforce Region to support TECPDS use
- 9.3 Texas aligns child care reporting systems
- 9.4 Texas makes TECPDS registration a requirement of Child Care Regulation

Establish governance at state and local levels that is responsive to the needs of the child care industry

- 10.1 Texas establishes a Department for Early Childhood Care and Education
- 10.2 Texas raises the number of representatives with child care expertise required to sit on Workforce Boards

Secure sustainable funding for child care

- 11.1 Texas passes a constitutional amendment to allow the Texas Permanent School Fund to support early childhood education
- 11.2 Texas legislators pass modest tax increases to a package of taxes and dedicate the increased revenue to child care
- 11.3 Texas allocates General Revenue funds towards child care

Key Definitions and Acronyms

Term/Acronym	Full Term	Definition
AAS	Associates of Applied Sciences	Two-year college degree that is typically focused on a specific science or technical skill
AAT	Associates of Arts and Teaching Degree	Two-year college degree consisting of lower-division courses that transfer to baccalaureate programs leading to a Texas teacher certification
ARPA	American Rescue Plan Act	Legislation passed by the U.S. Congress to support Americans and American businesses to cope with the negative impacts of the COVID-19 pandemic
Career Pathway	-	A tool, managed by TECPDS, that works as a career ladder by allowing early childhood educators to move up levels based on education level and years of experience
CCDFBG	Child Care Development Fund Block Grant Act	Law that authorizes the CCDF program and sets federal child care quality standards. The most recent reauthorization in 2014 mandates strong health and safety requirements, provides quality of care support for providers, and provides child care assistance for families
CCDF	Child Care Development Fund	Federal and state partnership program authorized by the CCDFBG that provides financial assistance to lowincome families so that they can access child care that consists of three funding streams: mandatory, matching, and discretionary funds. - Mandatory funds: Federal funds allocated to states based on the federal share of funding for (now repealed) Aid to Families with Dependent Children (AFDC) - Matching funds: Federal funds distributed to states based on the number of children younger than 13 in the state. States receive these funds only if they meet set requirements, and to receive the full federal match, they must contribute a sufficient amount of state funds (determined based on the current Medicare match rate) - Discretionary funds: Federal funds allocated to states based on a three-part formula consisting of the state's share of children younger than 5, the state's share of children receiving free or reduced price lunch, and the state's per capita income

Term/Acronym	Full Term	Definition
CDA	Child Development Associate Credential	A widely-recognized credential in early childhood education that prepares early childhood educators to provide high-quality care by providing training across a core set of six competency standards
CCS	Child Care Services	Program run by the Texas Workforce Commission that provides eligible low-income families with financial assistance in the form of child care subsidies to help them pay for child care
СНІР	Children's Health Insurance Program	Health care program for children without health insurance whose lower-income families earn too much to get Medicaid but still cannot afford health insurance
CLI Engage	Children's Learning Institute Engage	Digital platform hosted by the Children's Learning Institute that provides early childhood educators with numerous resources for professional development and to build skills and promote learning to raise the quality of the workforce
CCR	Texas Child Care Regulation	Division of Texas Health and Human Services responsible for the licensing and regulation of child care programs
СТЕ	Career and Technical Education	The practice of teaching skills and knowledge for skills-based, high-demand careers to students ranging from middle school to college
ECE	Early Childhood Education	Education for children age zero to five
FSA	Flexible Spending Account	Employer-sponsored healthcare benefit that allows employees to set aside a certain amount of money annually to cover the cost of qualified medical expenses
GED	General Educational Development Test	Exam that can be taken to obtain the equivalent of a high school diploma
GSP	Gross State Product	The total monetary value of all goods and services produced in a given state
Market Rate	-	The price programs charge for child care
Market Rate Survey	-	Annual survey that gathers and reports the rates child care operations charge the general public for their services in each of the 28 local workforce development areas in Texas. The CCDF requires that subsidy reimbursement rates be set using data from the market rate survey; Texas currently sets reimbursement rates at the 75th percentile of the market rate, based on the market rate survey

Term/Acronym	Full Term	Definition
NAEYC	National Association for the Education of Young Children	Nonprofit professional membership organization that works to promote high-quality early learning for all young children by connecting early childhood practice, policy, and research
QRIS	Quality Rating and Improvement System	A system used to assess, rate, improve, and communicate the level of quality in child care programs. Many states have QRIS programs, in Texas, the QRIS program is Texas Rising Star
Reimbursement Rate	-	The rate at which Texas reimburses child care programs for care provided to families who receive child care subsidies. This rate is determined by the market rate survey
SMI	State Median Income	The 50 th percentile in income, or the income amount at which half of people in a state earn more than this amount and half of people earn less than this amount
SNAP	Supplemental Nutrition Assistance Program	Federally-funded program that provides nutrition benefits to supplement the food budget of families in need so they can purchase healthy food
Subsidy Eligibility	-	The guidelines that determine if a family is eligible for financial assistance for child care through CCS. In Texas, current eligibility requires that parents/guardians be employed, seeking employment, or pursuing training or education; and that the family must make at or below 85 percent of state median income
T.E.A.C.H	Teacher Education and Compensation Helps	Scholarship program that provides money for tuition, assessment fees, and other costs students may incur while pursuing credentials in early childhood education
TAEYC	Texas Association for the Education of Young Children	State affiliate of NAEYC that focuses on promoting high-quality early learning for all young children by connecting early childhood practice, policy, and research in Texas
TECPDS	Texas Early Childhood Professional Development System	Statewide program managed by CLI designed to meet the professional development needs of those working in the early childhood field. Individuals can create a TECPDS account to be part of the Texas Workforce Registry and access resources such as the Texas Trainer Registry and My Career Pathway
TRS	Teacher Retirement System of Texas	Public pension plan for teachers in the state of Texas

Term/Acronym	Full Term	Definition
Texas Rising Star	-	Texas' quality rating and improvement system (QRIS) for child care programs participating in TWC's Child Care Services program; Texas Rising Star offers three level of quality certification and is intended to raise the quality of child care for children in Texas
True Cost of Quality Care	·	An alternative to the market rate survey for determining subsidy reimbursement rates based on a cost estimation model. Cost estimation models set child care subsidy reimbursement rates at the cost of providing the service rather than the market rate of prices charged, which can underestimate the cost of the service given limitations in the amount families can afford to pay for child care
TWC	Texas Workforce Commission	State agency charged with overseeing and providing workforce development services to employers and job seekers of Texas
WIOA	Workforce Innovation and Opportunity Act	Federal law designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the workers they needed to compete in the global economy

Chapter 1: Introduction

Overview of the Workgroup Recommendations to Inform the 2022 Child Care Workforce Strategic Plan

On June 14th, 2021 the 87th Texas legislature passed House Bill (H.B.) 619,² updating §302.0062 of the Texas Labor Code to instruct the Texas Workforce Commission (TWC) to develop a strategic plan to support the child care workforce in Texas and update the plan every three years.

H.B. 619 passed in the context of the COVID-19 pandemic straining the child care industry almost to its breaking point. Even before the pandemic, families often paid up to one-third of household income on child care, educators worked full time for near-poverty wages, and child care businesses operated on profit margins as low as one percent.³ Since the start of the pandemic, Texas has lost almost ten percent of all child care programs.⁴ Remaining child care programs continue to operate below licensed capacity because they cannot hire and retain enough staff, threatening child care supply and the viability of businesses and the larger economy.⁵

H.B. 619 recognizes that the child care workforce plays a critical role in Texas and acknowledges the need to take action to support the industry. Parents and guardians (referred to in this document as "parents") cannot work without child care, and businesses cannot operate without parents in the workforce. The current child care system is in desperate need of support to ensure child care programs remain open to serve children, families, and businesses. Attending high-quality child care promotes healthy child development⁶ and child care is the foundation of a healthy, thriving economy. As a state, we must ensure that we have a stable, high-quality workforce to keep our children safe, provide a nurturing and stimulating early childhood environment, and ensure all parents (who need or wish to) can remain in the workforce and contribute to Texas' thriving economy.

To develop the 2022 Texas Child Care Workforce Strategic Plan, TWC contracted with the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin, and with Dr. Cynthia Osborne and the Prenatal-to-3 Policy Impact Center at Vanderbilt University.

To create the recommendations that would inform the Strategic Plan, the Prenatal-to-3 Policy Impact Center, in collaboration with TWC, consulted members of the child care field across the state in numerous ways. The Prenatal-to-3 Policy Impact Center developed and administered the 2022 Texas Child Care Director Survey, or Texas Director Survey, which asked directors about their experience in the field, including challenges they currently face

to maintaining a stable and high-quality workforce and provides educator-level data on the demographic characteristics, educational experience, and compensation for a representative sample of child care programs across the state.

Additionally, with input from TWC, the Prenatal-to-3 Policy Impact Center formed the 2022 Texas Child Care Strategic Plan Workgroup (Workgroup). The Workgroup consists of 27 child care experts with experience in the industry as child care business owners, directors, educators, and/or community stakeholders. The Workgroup met throughout the year to discuss key industry issues, review data collected from directors through the Texas Director Survey, and form the recommendations presented in this plan.

The following report presents recommendations on how to improve the quality of the Texas infant, toddler, preschool, and school-age child care workforce, including recommendations to:

- Increase early childhood educator compensation and eliminate pay disparities;
- Improve early childhood educator quality;
- Reduce turnover;
- Expand opportunities for paid professional development;
- Increase participation in the Texas Early Childhood Professional Development System (TECPDS);
- Provide support from local workforce development boards;
- Garner support for the child care workforce from institutions of higher education; and to
- Increase funding for early childhood education sustainably over the long term.

The recommendations presented in this plan to improve the quality of the child care workforce were developed by the Workgroup considering their extensive experience in the field alongside data from more than 750 directors across the state. In this plan, the Workgroup provides an outline of the guiding principles and vision that drove the creation of this plan, the approach for collecting and analyzing the data to create this plan, information on how other states address these challenges, and finally, the recommendations to the state on how to improve the quality of the Texas child care workforce.

Guiding Principles

The following foundational principles guided the development of the priorities, recommendations, and strategies listed in this document. These guiding principles reflect a consensus of the beliefs, values, and priorities of the 2022 Texas Child Care Strategic Plan Workgroup.

- 1. Early childhood educators deserve to be paid a living wage
- 2. Child Care programs must profit from their businesses
- 3. Children and families deserve access to high-quality care
- 4. Children eligible for the subsidy system deserve equitable access to high-quality care
- 5. Families should be able to afford to work
- 6. Families cannot afford to pay any more for child care

Vision for the Texas Child Care Workforce

The 2022 Texas Child Care Strategic Plan Workgroup developed the following vision statements, which reflect a long-term vision for the child care workforce in Texas. The Workgroup developed the recommendations and strategies in this document with these visions in mind.

- We envision an early childhood education ecosystem that empowers, supports, and compensates the early childhood education workforce, who engage in education that is high quality and culturally and linguistically responsive for all children.
- We envision an early childhood education workforce that 1) has equitable access to
 professional preparation and ongoing supports that meet their individual career goals; 2)
 has comprehensive and robust benefits packages that recognize their critical work; and
 3) thrives in workplaces that cultivate healthy, valued, and empowered professionals.
- We envision an early childhood education system with parity for all early childhood
 educators, that pays at least equal to the public education system for early childhood
 educators with similar education and experience, that includes opportunity for upward
 mobility, and where women of color are valued, compensated, and elevated.

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2022 Texas Child Care Strategic Plan Workgroup

Katherine Abba, Ph.D. – Teacher Education/Child Development Faculty at Houston Community College

George Agullion Ovalle - Early Care and Education Mentor, BakerRipley

April Crawford, Ph.D. - Co-Director at Children's Learning Institute at UT Health Houston

Edna Diaz - Program Director at Alphabet Playhouse Too

Bethany Edwards - Director at Early Leaning Alliance

Ernestina Fauntleroy - Program Director at Abrahams Seed Daycare

Teresa Granillo, Ph.D - CEO at AVANCE

Carrolyn Griffin - Owner of The Grace Place

Christina Hanger – Retired CEO at Dallas Afterschool

Melissa Hoisington - President's Council of the Texas Licensed Child Care Association

Tobitha Holmes - Owner and Director of W.I.S.E. Academy

Melanie Johnson, Ed.D. - President and CEO at Collaborative for Children

Tracy Anne Jones, Ed.D. - Assistant Director at Texas Early Childhood Professional Development System

Tim Kaminski, M.S. CCC/SLP - Co-Owner and Director of Gingerbread Kids Academy

Kim Kofron - Director of Early Childhood Education at Children at Risk

Lyn Lucas - Retired Senior Vice President of Early Education & Program Evaluation at Camp Fire First Texas

Tori Mannes - President and CEO at Child Care Group

Gloria Marmolejo - Education Supervisor at Project Vida Early Childhood Center

Sheila Matthews - Director of Operations at Open Door Preschools

Jerletha McDonald - Founder and CEO at Arlington DFW Child Care

Cathy McHorse - Vice President at Success by 6, United Way ATX

Cynthia Pearson - President and CEO at Day Nursery of Abilene

Katherine Pipoly - Chief Operating Officer, Workforce Solutions Alamo

Melanie Rubin - Independent Policy Consultant; Director at North Texas Early Education Alliance

Cody Summerville - Executive Director at Texas Association for the Education of Young Children

Heather Torres - Learning Center Director at Hope Lutheran Learning Center

June Yeatman – Early Childhood Educator at Austin Community College Children's Lab School

Texas Workforce Commission (TWC) Strategic Plan Team

Reagan Miller – Director of Child Care & Early Learning Division

Allison Wilson – Director, Program Policy & Quality Initiatives, Child Care & Early Learning Division

Lindsay Hill – Manager, Child Care & Early Learning Quality Initiatives

Karen Killian – Child Care & Early Learning Quality Initiatives Program Specialist

Chelsea Moore – Early Childhood Data and Policy Analyst

Prenatal-to-3 Policy Impact Center Child Care Strategic Plan Research Team

Cynthia Osborne, Ph.D. – Executive Director of Prenatal-to-3 Policy Impact Center Anna Kresse, MPH – Senior Research Associate

Monica Navarro – Senior Research Associate

Jennifer Huffman, MPAff – Director of Research and Evaluation

Sierra Rowe – Graduate Research Assistant

Sean Craig, JD, MA – Senior Data Analyst

Chapter 2: Our Approach

To create the recommendations, the Prenatal-to-3 Policy Impact Center developed a vision and plan to improve the child care workforce by relying on three key approaches: conducting a landscape scan of effective strategies in Texas and other states, convening an expert Workgroup, and collecting data from a representative sample of care directors across the state about the workforce and their experiences in the industry. The Workgroup used the information collected to form the recommendations contained in this plan and model the costs of the proposals to the state.

Step 1: Develop the Strategic Plan Workgroup

As directed by H.B. 619, TWC and the Prenatal-to-3 Policy Impact Center developed the 2022 Texas Child Care Strategic Plan Workgroup, a workgroup of 27 child care experts who contributed extensively to the development of the recommendations, including early childhood educators, child care directors and owners, and community stakeholders with experience across various types of child care programs and numerous geographic areas of Texas.

Step 2: Conduct a landscape scan

Along with examining the Texas context, the recommendation development process first included studying the child care landscape across the United States. The landscape scan focused on learning about the challenges faced across states to build and maintain a high-quality, stable workforce; the strategies and solutions adopted to combat these challenges; and what experts, researchers, and advocates recommend. The findings from this landscape scan informed discussions among the Workgroup about potential solutions, informed the design of the 2022 Texas Child Care Director Survey, and informed the proposed recommendations.

Step 3: Design & administer the Texas Director Survey

The 2022 Texas Child Care Director Survey collected data from child care directors at child care programs (including center- and home-based) across the state of Texas to learn: 1) the characteristics of the child care program and how it serves children in the local community; 2) the director's experiences at the child care program, including challenges and needs faced by the child care program today; and 3) demographic, education, and compensation information of the director and all early childhood educators who work at the child care program.

The Prenatal-to-3 Policy Impact Center created a random and representative sample of 3,052 child care programs that represent the full population of licensed child care centers, licensed child care homes, and registered child care homes (in total, 13,267 child care programs) on key characteristics, such as child care program type, acceptance of subsidies, and geographic location (specifically, Workforce Region). Directors completed the survey between May 12, 2022, and August 1, 2022.

In total, 1,074 directors responded to the Texas Director Survey. From all responses, two samples were created to inform the recommendations, the Industry Experience Sample and the Workforce Sample. The Industry Experience Sample includes responses from 816 directors who completed the portion of the survey about experiences in the child care industry (even if they chose not to provide data on their staff). The Industry Experience Sample excludes responses that were too incomplete to use (n=155) or did not meet the criteria for inclusion (n=103).¹

The Workforce Sample is a sub-sample of the Industry Experience Sample. The Workforce Sample includes responses from 529 directors who provided wage information on at least two-thirds of their reported staff (n=458) and directors with no other reported staff at their operation (n=71, typically home-based directors).

Table 1 shows how the full population of child care programs in Texas compares to the Texas Director Survey samples. Respondents to the survey (across both samples) were more likely to be Texas Rising Star-certified child care programs and child care programs that accept subsidies than the full population of child care programs. Respondents were also more likely to serve infants at their child care program. Programs included in the Workforce sample serve, on average, fewer children than the population.

ⁱ We exclude 103 programs that were listed home-based providers, serve children only during the summer, and only provide drop-in care.

Total Capacity (Average)

Industry Workforce Full Population Experience (n=13,267) Sample (n=529) Sample (n=816) Child Care Program Type Licensed Center 72% 69% 69% Licensed Home 11% 15% 16% Registered Home 19% 16% 12% Serves Infants (Yes) 75% 83% 82% Accepts Subsidies (Yes) 47% 56% 59% **Texas Rising Star** 14% 23% 25% Participant (Yes)

81 children

75 children

Table 1: Texas Director Survey Sample

Step 4: Convene the Workgroup & develop recommendations

84 children

Workgroup members convened for three in-person workdays throughout the year, along with virtually attending supplementary information gathering sessions. During these sessions, Workgroup members shared the key issues facing the child care industry, shared solutions that have worked for them and their businesses, and built consensus on strategies Texas should employ to improve the workforce.

As directors completed the Texas Director Survey, their responses were shared (in aggregate/anonymously) with the Workgroup during these convenings, allowing the Workgroup to reflect on the importance of the results and the implications for how Texas should work to improve the quality of the child care workforce. Members of the workgroup also shared their current and/or past experience as classroom early childhood educators, and Workgroup members who currently work as directors or owners shared the experiences of the early childhood educators at their child care programs. The Workgroup led the creation of the recommendations included in this plan based on their expertise in the field and on the information gathered in the Texas Director Survey. Workgroup members also provided feedback on the development of the Texas Director Survey and the recommendations.

To develop the recommendations presented in Chapter 8, the Prenatal-to-3 Policy Impact Center took the additional step of calculating the cost to Texas of various proposals by 1) using state and federal data to estimate the number of people the proposal would serve; 2) estimating the annual cost of the proposal per person; and then 3) multiplying the per person cost by the number of people or families served to generate a total annual cost to the state. For full information on how the Prenatal-to-3 Policy Impact Center created the cost proposal, please see Appendix D and Appendix E.

Chapter 3: Background on the Child Care Industry

High-quality child care: Essential for families and the economy

High-quality child care serves families and the economy in multiple ways. Child care plays a critical role in the economy by enabling parents to work while simultaneously preparing the workforce of tomorrow by promoting healthy child development.

Early care and education support healthy children, thriving families, and strong communities. The period of development occurring prenatally to age three is foundational to later learning and growth; children experience the most rapid period of brain development during this time, and the environment in which children learn and play can dramatically shape their developmental trajectory. Access to *high-quality care* – care that provides children with a safe, nurturing, and enriching environment – can facilitate positive brain development in children, allowing them to thrive in future schooling and in the workforce as adults. 8

For most parents, access to high-quality child care outside the home is a necessary precondition to finding and maintaining gainful employment. Access to child care facilitates economic security: it allows parents to maintain stable employment following the birth or adoption of a new child and can reduce the stress that is often associated with job instability and financial hardships. ^{9,10,11} Improved economic security and self-sufficiency, along with reductions in parenting stress, can support children's physical health, cognitive development, educational achievement, and social adjustment later in life. In fact, the return on investing in early childhood education (ECE) is estimated to range between \$4 and \$9 for every dollar invested. ¹²

At the aggregate, child care keeps the thriving Texas economy running. Early care and education provide Texas children with safe, nurturing environments to learn and grow in their earliest years while their parents provide for their families and support a strong Texas economy.

Though Texas families and businesses depend directly on the child care industry, the industry struggles to remain viable. Child care is unaffordable for many families, and child care shortages leave families struggling to find child care. Early childhood educators make low wages, often below a living wage, and often depend on public assistance programs such as SNAP (Supplemental Nutrition Assistance Program) to provide for themselves and their families. Even still, child care business owners struggle to make a profit and operate on such small margins that they cannot increase early childhood educator wages without raising tuition for families.

Insufficient supply of child care: A \$9 billion Texas problem

Despite state and federal efforts to stabilize the industry, high-quality, affordable child care remains difficult for Texas families to access. During the pandemic and the economic fallout that followed, nearly 10 percent of the child care workforce left the child care industry;¹³ and unlike in other industries, as a nation, we have largely not recovered from these job losses.¹⁴

Between March 2020 and September 2021, Texas lost more than 20 percent of its child care programs, ¹⁵ and with them, the number of child care seats per 100 working parents diminished precipitously from 105.9 to 54.9. ¹⁶ Today, Texas still has almost 1,600 fewer child care programs than in March 2020. ¹⁷ Additionally, more than half of Texas counties are considered child care deserts, meaning that *three times more* children live in the county than the number of available child care slots in that county. ¹⁸ Early childhood educators are the workforce behind the workforce, and so the loss of access to child care on this scale negatively impacts the Texas economy across industries and income levels.

Access to *higher-quality* child care is also limited. In Texas, 43 percent of zip codes are defined as a Texas Rising Star desert (an area with three times as many children as slots in Texas Rising Star-certified child care programs). That includes all Texas Rising Star-participating child care programs, not just limited to Three- or Four-Star certified child care programs.¹⁹

The supply of high-quality child care is insufficient to meet the current demand in Texas. As a result, many parents have moved from full-time to part-time employment, or have left the workforce altogether.²⁰ The U.S. Chamber of Commerce Foundation estimates that worker absenteeism and turnover associated with inconsistent access to child care cost Texas employers \$7.59 billion per year. Further, the U.S. Chamber of Commerce Foundation estimates that lost worker wages because of a lack of access to child care cost the State of Texas an estimated \$1.8 billion in lost direct tax revenue, for a combined total annual economic loss of \$9.39 billion.²¹

A multidimensional problem: High costs for families, near-poverty wages for early childhood educators, and low profitability for businesses

High-quality child care is expensive to provide, and families in Texas have felt that pinch for many years. The federal government considers child care affordable when it costs no more than seven percent of household income.²² In Texas, child care costs typically consume 10 to 30 percent of household income.²³

Simultaneously, early childhood educators do not earn enough money, even when working full time, to provide for themselves and their families. Despite their essential nature, the average hourly rate of an early childhood educator nationally is \$13.31,²⁴ below the living wage for a single, childless adult and far below the wage needed to support a family with children in Texas.²⁵ One in five early childhood educators currently lives in poverty,²⁶ and more than half qualify for at least one form of public assistance.²⁷

Finally, owners of child care businesses operate on a shoe-string budget. In fact, most child care programs function on profit margins of less than one percent.²⁸ For context, the Corporate Finance Institute considers a net profit margin of 10 percent "average" for a business and considers margins below five percent "poor."²⁹ Business owners and directors struggle to hire and retain qualified early childhood educators to meet the needs of their communities, while existing early childhood educators struggle to make ends meet. However, in most instances, owners cannot afford to pay early childhood educators more than what they are currently offering given these tight profit margins.

Further stressing profit margins and threatening businesses is the migration of children away from child care centers and home-based care to attend pre-K at their local public school. In the current business model, child care programs profit much more from preschool-age (and school-age, when relevant) children than infants and toddlers. Because child-to-early childhood educator ratios are so much lower for infants and toddlers, child care programs may even *lose* money on these classrooms, making preschool classrooms an essential component of the business model. Providing free pre-K to children in the community benefits children and families and supports the rest of the early childhood education system in preparing children for school. However, expanding pre-K without supporting child care programs who lose pre-K classes threatens the stability of the entire industry.

The child care system in Texas - along with much of the United States - remains gridlocked: parents cannot afford to pay more for care, child care programs cannot afford to charge less, and early childhood educators do not currently make enough to remain in the field. The supply of child care remains too low, but these challenges prevent new business owners and new early childhood educators from entering the field. Texas families bear the cost of these challenges through limited access to care that promotes child development and enables parents to work.

State and federal support for child care in Texas

Child Care Subsidies

The Texas Child Care Services (CCS) program, overseen by TWC and administered by the Workforce Boards, provides eligible families with a subsidy, or financial assistance, to help them afford child care. Child care subsidies are an effective policy tool to support children and families. Receipt of financial assistance for child care and increased state spending on child care subsidies improve outcomes for children and families: they promote parental employment which can increase access to important resources such as health insurance, and ensure families have sufficient household resources to reduce child poverty and food insecurity.³⁰

Child care subsidies are funded through a combination of state and federal dollars. The Child Care and Development Fund (CCDF) is a state and federal partnership authorized under the Child Care and Development Block Grant (CCDBG) that provides more than \$5 billion in funding for child care across the U.S.³¹ Texas dedicates only enough state funds to maximize its federal match, and the \$871 million that Texas spends annually on child care subsidies primarily comes from federal funding.³² This outlay of funds provides child care subsidies to only about 10 percent of eligible children in Texas.³³

Texas is divided into 28 Workforce Regions that administer child care subsidies, maintain waiting lists, and set localized rules and procedures for subsidies in their area. Federal guidelines provide considerable flexibility for how states set guidelines for child care subsidies. Three of the most important factors in how states structure their child care subsidies system include setting reimbursement rates, determining eligibility criteria, and setting copayment rates.

Reimbursement Rate

In Texas, like most states, families apply for a child care subsidy and then enroll their child at a center or home-based program that participates in the CCS program. Using CCDF funds, the Workforce Board reimburses the child care programs one week at a time, two weeks after that week of care was provided.

Reimbursing at the Market Rate

Per CCDF rules, states typically set their reimbursement rates using an annual or bi-annual (every two years) market rate survey, which surveys providers across the states about the price they charge for child care. The state then sets the reimbursement rate as a percentile of the market rate across the state (or within individual regions). The CCDF Regulations note the federal Office of Child Care's position that setting the reimbursement rate at the 75th percentile is an important benchmark for gauging equal access to the child care market for families with low incomes. Historically, reimbursement rates across the state have varied across Workforce Regions and age groups, with reimbursement rates in some

Regions as low as 30 percent of the market rate. As of October 1, 2022, however, Workforce Boards must reimburse providers at the 75th percentile, at a minimum.

Reimbursing at the True Cost of Care

Using a market rate survey to set reimbursement rates provides an accurate measure of what child care programs are able to charge families in their region. However, measuring the market rate cannot account for the fact that child care prices are constrained by what families can afford to pay; prices cannot fluctuate too high, even if costs increase, because families would be priced out of the market. For this reason, market rate surveys often underestimate the true cost of providing child care services, particularly for younger children because child-to-early childhood educator ratios are lower. Market rates also do not account for paying early childhood educators appropriate wages and benefits. As a result, even with reimbursement rates at the 75th percentile of the market rate, child care programs still experience financial losses for each CCS slot they offer. The difference between the market rate and true cost of care is even more pronounced in low-income areas, where tuition rates are typically lower to match what families are able to afford. Low-income areas also tend to have more children participating in CCS, so if reimbursement rates are based on a market rate that is driven by lack of resources in a region, it further exacerbates the underfunding of child care in low-income areas. Child care programs that primarily take subsidies are often are underpaid compared to the cost of the service they provide, which can mean children who are participating in CCS do not have equitable access to high-quality child care.³⁴

To provide a more accurate calculation of what the child care subsidy reimbursement rates should be, several states, including Washington D.C., New Mexico, and Virginia, have received CCDF approval to use a cost estimation model to calculate the true cost of care. A cost estimation model pieces together the cost of each component part of providing child care based on labor market data and estimates the actual cost of providing child care. Then, the state sets its reimbursement rates at that estimated true cost of care.

Cost estimation models, broadly, can provide a more accurate assessment of cost. Cost estimation models also allow states to price in additional factors or benefits that providers cannot currently offer, but need or want to provide. For example, states can model offering insurance benefits to staff or model raising wages. Because profit margins are so small for child care, wages typically remain low, and staff go without benefits; thus, setting reimbursement rates using the market rate perpetuates the cycle in which child care programs cannot raise wages or provide benefits.

Eligibility

States can also choose how to set eligibility for child care subsidies, and federal CCDF dollars can be used to assist families earning up to 85 percent of the state median income

(SMI). Increasing eligibility to a larger percentage of the state median income increases the number of families that can benefit from child care subsidies, though the total amount of funding provided and the number of slots offered by child care programs ultimately drive the child care subsidy capacity in a state.

In Texas, families earning up to 85 percent of the state median income - \$60,969 for a family of three³⁵ - are eligible for child care subsidies, but because of limited funding for slots, only a small fraction of the children who are eligible for subsidies receive them (an estimated 10 percent in 2019).³⁶ Workforce Boards maintain waiting lists for families actively seeking child care subsidies.

Copayment

The base reimbursement rate reflects the total amount paid to the child care program; Part of this rate is paid by the state, but families may be required to contribute a share of the cost of child care, typically through a copayment. In Texas, the copayment is based on a sliding scale of income, such that parents who make closer to 85 percent of SMI pay more than families who make less. Historically, Workforce Boards set their own copayment schedules for their regions, however, TWC rule changes, effective October 1, 2023, require Workforce Boards to follow the state defined consistent policy; these changes will be implemented when TWC launches a new Child Care Case Management system in Fall 2024.

Texas Rising Star

Texas Rising Star is the child care quality rating and improvement system (QRIS) for CCS providers overseen by TWC. Texas Rising Star offers three levels of child care quality certifications (Two-, Three-, and Four-Star) which are tied to gradually increasing child care subsidy reimbursement rates.³⁷ Texas Rising Star evaluates child care programs based on four categories, 1) director and staff qualifications and training, 2) teacher-child interactions, 3) program administration, and 4) indoor and outdoor environments. Child care programs may receive points for specific measures across the categories during assessments to support them in receiving a higher star level.

As of January 2022, almost one third of child care programs participating in CCS, and 14 percent of all licensed and registered child care programs, are Texas Rising Star-certified.³⁸ Of the 1,936 Texas Rising Star-certified child care programs, Texas has 1,120 Four-Star, 437 Three-Star, and 379 Two-Star-certified child care programs. As of October 3, 2022, all child care programs that provide CCS must participate in Texas Rising Star; therefore, TWC expects the number of Texas Rising Star child care programs to grow substantially over the next few years.

The purpose of requiring all CCS child care programs to participate in Texas Rising Star is to ensure that children whose families receive financial assistance can attend high-quality

child care. Ensuring child care programs have the resources needed to become Texas Rising Star-certified will require additional support from the state, otherwise, the availability of child care subsidy programs could decrease, exacerbating existing capacity issues for families that receive subsidies.

Texas Early Childhood Professional Development System (TECPDS)

The Texas Early Childhood Professional Development System (TECPDS), managed by the Children's Learning Institute and University of Texas Health Science Center, provides the Texas early childhood educator Workforce Registry and Trainer Registry. TECPDS collects and centralizes information about the early childhood educator workforce and supports early childhood educators to advance their careers. To use TECPDS, educators create a free online account. Early childhood educators with an account can add in their work experience and upload their education documents, connect to their employer, connect to resources to understand options for advancing their career (career pathway), and learn about the Texas Core Competencies for Early Childhood Practitioners and Administrators.

TECPDS offers resources for all early childhood educators who deliver trainings, including the option to apply and join the Trainer Registry to connect to child care providers and educators who want to take trainings. Similarly, early childhood educators can identify high-quality trainings to advance their career and fulfill their required professional development hours. TECPDS also offers a free certificate generation tool that all trainers can use to award certificates with state-required information for professional development.

TECPDS also supports child care programs and early childhood educators through a connection with CLI Engage, a platform hosted by the Children's Learning Institute (CLI) that provides early childhood educators with numerous resources for professional development. Early childhood educators can directly participate in professional development through CLI Engage and earn certificates at no cost. Early childhood educators who work at Texas Rising Star-certified child care programs have numerous additional resources available to them for free through CLI Engage, including the opportunity to access all required training, at no cost to the educator, for a Child Development Associate (CDA) credential.

American Rescue Plan Act (ARPA)

As part of the American Rescue Plan Act (ARPA), the federal government provided \$24 billion in stabilization grants to states intended to support the child care industry through the COVID-19 pandemic - a time of closures, new safety requirements and needs, staff shortages, and widespread stress and hardship.³⁹ States disbursed ARPA relief money to child care programs with considerable discretion to use the funds in the way that best served their state.

Texas authorized up to \$775 million for the 2021 Child Care Relief Fund (CCRF) and awarded \$582 million. Additionally, TWC authorized up to \$3.45 billion for the 2022 CCRF; as of October 2022, TWC has awarded \$2.9 billion. TWC primarily spent ARPA funds to provide grants directly to child care programs, who could use the funding for expenses needed to maintain or resume operations, including a broad array of fixed or operating expenses. ARPA also directed child care programs to use the funds to provide relief from tuition or copayments to the extent possible.

Chapter 4: State Solutions to Support the ECE Workforce

Across the U.S., states face similar market failure conditions in the child care industry. In response to this longstanding issue exacerbated to nearly a breaking point by the COVID-19 pandemic, states are taking bold actions to support and sustain the child care workforce. Notable initiatives include setting reimbursement rates for child care subsidies at the true cost of care (instead of at the market rate for the price charged for care), providing wage supplements (also called wage stipends or retention bonuses) to staff to increase wages; expanding access to child care subsidies; and investing in long-term sustainable funding for ECE through dedicated investment funds. Below, the report highlights three states leading the nation in their support for early childhood educators and details key progress Texas has made, as well, that these recommendations build on.

Virginia

In Virginia, bipartisan support for early childhood education has allowed major legislative wins to increase the state's departmental budgets to support ECE. Early education has been championed by both Ralph Northam (D), the former governor, and by Glenn Younkin (R), the current governor. Some of the specific policy and budgetary changes include increasing allowances for child care subsidy recipients; expanding eligibility for child care subsidies, including parents who are looking for work, and parents who are making up to 85 percent of the SMI; expanding early childhood educator recruitment and retention grants to boost the supply of early childhood educators; and centralizing the oversight and accountability of ECE by housing ECE within the Department of Education. Virginia also received approval to begin setting child care subsidy reimbursement rates at the true cost of care using a cost estimation model (instead of using a market rate survey).

Virginia piloted a wage supplement, or retention bonus, program that demonstrates that an increase in wages can have a profound influence on decreasing early childhood educator turnover. A group of early childhood educators in Virginia were randomly selected through a lottery to receive a \$1500 wage supplement offered in three installments of \$500 over an eight-month period. At the end of the eight months, 29 percent of center-based early childhood educators who *did not* receive the supplement had left their positions, compared to just 15 percent of early childhood educators who received the supplement. In other words, early childhood educators who received the supplement showed nearly *half* the rate of attrition as early childhood educators who did not receive the supplement. These positive results compelled the state to expand the program, known as the Teacher Recognition Program or TRP, to more educators and to increase the supplement amount to \$2,000 per year.

Louisiana

Louisiana is another state working to transform its ECE workforce with substantial increases in state investments. Louisiana, like Virginia and Texas, faces enormous ECE workforce challenges. Recent reports found that approximately 44 percent of early childhood educators working in child care programs leave their positions each year – a rate of turnover that jeopardizes the entire stability of the child care marketplace and places children at a large disadvantage in kindergarten readiness.⁴³ To address these issues, Louisiana has expanded child care subsidy eligibility up to 65 percent of the SMI and has boosted subsidy amounts to more closely capture the cost of providing quality care – daily rates for certain infants, for example, have increased from \$36 to \$68. Louisiana has also committed to paying subsidy rates based on a cost-of-care model, though this model has not yet been implemented.⁴⁴

Typically, states limit the reimbursement rate offered to a given child care program at the private rate the child care program charges to non-subsidy families. If the maximum reimbursement rate is higher than the private pay rate, the child care program will receive the private-pay rate as the subsidy reimbursement. Understanding that child care programs cannot always charge the full cost of providing care because families could not pay that amount, Louisiana state regulators chose to provide the established reimbursement rate to all child care programs regardless of their private-pay rate. Providing the full reimbursement regardless of private-pay rates benefits both families receiving subsidies and families who do not, by providing more resources to the child care program.

To fund several of these solutions, Louisiana developed an Early Childhood Education Fund in 2017 and now designates 25 percent of the states' sports betting revenue for the fund.⁴⁶

New Mexico

New Mexico is fundamentally transforming its child care system. In 2019, a new governor kick-started a bipartisan campaign to support the ECE workforce, stabilize the child care industry, and support working families by re-imagining and fully investing in the many levers that support early care and education.

To start, the state of New Mexico has transformed its child care subsidy system from the ground up.⁴⁷ New Mexico developed a new method of calculating subsidy reimbursement rates that captures the true cost of quality care. The state now reimburses at a significantly higher rate compared to previous rates that were based on the state's market rate survey, particularly for infant care.

New Mexico also expanded income eligibility for child care subsidies to include all families making up to 350 percent of the federal poverty level (and 400 percent of the FPL for continuing eligibility), dramatically increasing the reach of the subsidy program. Finally, New Mexico enacted a temporary measure to waive all family fees and co-pays for at least one year, relieving a significant burden on families wishing to access child care, encouraging new families and child care programs to enter the subsidy system, and stabilizing the child care market overall.

In addition to the subsidy system changes, New Mexico has invested to stabilize the child care industry and ease hiring challenges facing child care programs.⁴⁸ A wage supplementation program provides emergency financial relief directly to early childhood educators, program expansion grants support child care programs to increase the number of available child care slots, and a pay parity system further supplements the earnings of many highly qualified pre-K educators, such that their wages match similarly-educated K-12 teachers.

To attract the best and brightest early childhood educators into the sector, and to incentivize higher workforce qualifications, New Mexico is funding higher education scholarships, stipends, a free textbook program, and free professional development opportunities for those wishing to extend their early childhood education training. The state is also investing in a redesigned governance and data system to remove administrative friction, and to leverage ECE data to make evidence-based decisions. New Mexico also provides numerous shared services options to support providers with business coaching and streamlining business tasks, creating more efficiency for providers and, therefore, the industry.⁴⁹

New Mexico's changes to the child care system are funded by several sources to date – including ARPA child stabilization grants – with additional novel, sustainable funding sources on the horizon. For example, oil, gas, and mineral extraction industry taxes and revenues funded a new Early Childhood Education and Care Fund.⁵⁰ The bulk of these funds are sustainably invested, with smaller amounts dispersed annually to support early care and education. Additionally, New Mexico passed legislation to allow a change to the state constitution to disburse funds from the Land Grant Permanent School Fund to support early childhood education; currently, constituents will vote to approve this change this November.⁵¹

Texas

TWC and Workforce Boards have taken important steps to support the child care workforce and combat the many challenges faced by the industry, both longstanding challenges and new or worsening challenges faced in the current economy. In particular,

TWC, Workforce Boards, and child care programs have used ARPA relief funding to implement critically important policy changes and innovative new programs to support the workforce. Over the next few years, the key will be for the state to identify new funding mechanisms to sustain these important changes.

TWC's changes to Child Care Services (CCS) program policies

TWC has made a number of changes to the CCS program to both expand access to families and support child care programs that accept children participating in CCS. As of October 1st, 2022, eligibility for CCS is set at 85 percent of SMI in all Workforce Regions, a change that brings the Texas subsidy system in line with federal guidance for subsidy access. This builds on TWC's previous work to expand subsidy access for families: in 2021 TWC began allowing parents who are unemployed but looking for work to access CCS. TWC is also working to implement a statewide copayment schedule that would further support families by ensuring the Workforce Region a family lives in does not affect the family's ability to pay for child care.

To support both child care programs and families, TWC has raised the CCS reimbursement rate to the 75th percentile of the market rate in all Workforce Regions. This change, which brings Texas reimbursement rates in line with federal guidance for equal access,⁵⁴ went into effect on October 1st, 2022, and pays child care programs more for the CCS slots they offer. Historically, rates ranged widely across Workforce Regions, with some areas reimbursing at as low as the 30th percentile. A major concern of both the Workgroup and directors on the Texas Director Survey is low reimbursement rates for child care subsidies, so this is a step in the right direction, but still does not pay child care programs the cost of providing high-quality child care (see Recommendation 2 for more information).

TWC is also working to implement prospective payments, although these payments are not expected to go into effect until Fall 2023. Prospective payments allow child care programs to be paid upfront for the subsidy slots they have enrolled, rather than reimbursing child care programs after care has been provided. This small change can make a huge difference when margins are thin, allowing the state to pay in advance for care in the same way that private pay families do, rather than requiring child care programs to pay for subsidized care out of their own pockets and wait for reimbursement.

In 2021, TWC implemented a pilot program in a few Workforce Regions allowing Workforce Boards to partner with Three- and Four-Star child care programs to offer contracted slots.⁵⁵ Contracted slots pay child care programs for the number of CCS slots they offer, rather than the number of CCS slots that are currently enrolled. This allows child care programs to have a predictable income and this stability can increase child care quality.⁵⁶ This program is ongoing, but has not been permanently funded, and is available only in two Workforce Regions.

Examples of Workforce Board innovation

Wage Supplements

In response to growing concern over low early childhood educator compensation and high rates of attrition, about half of all Workforce Regions have implemented programs to support early childhood educator wages.⁵⁷ These programs range in eligibility, uptake, and amount, but example programs include:

- (1) The Retention and Advancement Initiatives to Support Educators (RAISE) program is a wage supplement program designed and administered by the Texas Association for the Education of Young Children (TAEYC).⁵⁸ RAISE provides quarterly retention awards to early childhood educators who work for Texas Rising Star-certified child care programs in the Northeast Texas Workforce Region who make less than \$20 per hour. Funding for RAISE is temporary.
- (2) The Tarrant County Workforce Board offered wage supplements of \$250/month for up to six months to early childhood educators working at Texas Rising Star-certified child care programs in Tarrant County.⁵⁹ These wage supplements were temporary.

Workforce Quality

Conversations with child care providers in the Workgroup and with representatives from Workforce Boards revealed that many Workforce Boards have implemented creative programs to support raising the quality of the child care workforce within their Regions. Workforce Boards have developed early childhood education apprenticeship programs, led initiatives to onboard child care programs into TECPDS, and offered technology grants and tech support to child care programs. Several Workforce Boards offer scholarships for early childhood educators who want to receive their Child Development Associate (CDA) credential, and others partner with T.E.A.C.H. (Teacher Education and Compensation Helps)⁶⁰ to support scholarships for associate's and bachelor's degrees in early childhood education. Workforce Boards are doing incredible work to support child care in Texas and to invest in workforce quality, but most initiatives lack permanent funding, and variability across Workforce Regions means that not all early childhood educators benefit from these initiatives.

Looking to the future

Across TWC, Workforce Boards, and local organizations, we see many examples of innovation, key policy changes to better support the workforce and support early learning programs. Federal stimulus funding helped support the stability of the child care industry throughout the challenges created by the pandemic while also improving child care programs to facilitate high-quality care for children and the hiring and retention of high-quality staff. Texas has used ARPA funding to directly provide child care programs with the resources they need to remain open and provide high-quality care to children, while

simultaneously investing relief funds in making child care subsidies more accessible to families and more impactful for child care programs receiving the reimbursements.

Though these changes are each critical to supporting the child care workforce in the short and long term, critical challenges remain. First, ARPA dollars will run out in the next few years, putting Texas at risk of moving backward from these key progress steps if new funding does not replace ARPA dollars. Second, many of the changes and innovative steps have been localized to one or a few Workforce Boards, meaning that, as a state, solutions remain fragmented and piecemeal.

In the following chapters, we outline key findings from the Texas Director Survey that provide a clear picture of the challenges facing the child care workforce today.

Chapter 5: Characteristics and Compensation of Early Childhood Educators – Texas Director Survey

To inform the 2022 Texas Child Care Workforce Strategic Plan, H.B. 619 directs TWC to survey child care directors to learn educator-level information about the demographic composition, education and experience, and compensation of the ECE workforce. The following sections present key results from the 2022 Texas Child Care Director Survey across the priority topics listed in H.B. 619: race, ethnicity, gender, and educational attainment; ages served; and educator-level compensation data.

The 529 directors in the Workforce Sample provide information on a total of 3,848 educators who serve in a teaching / direct care capacity for children at their child care programs, including 3,565 center-based early childhood educators (93%), 133 home-based early childhood educators (who are *not* the owner of the child care program, 3%), and 150 home-based owner-educators (who teach and own/manage the business, 4%). For simplicity, the report refers to home-based owner-educators as "owners" throughout this section, and refers to other center-based and home-based early childhood educators as simply "educators." The child care programs surveyed are representative of the entire population on key characteristics of the child care program, such as size and location.

Early Childhood Educator Compensation: Key Takeaways

- -Almost all early childhood educators (85%) make less than a living wage (In Texas, the hourly living wage is \$16.41).
- -Child Care program characteristics influence wages:
 - -Educators at child care programs that accept subsidies make, on average, \$1,240 less annually.
 - -Educators at rural child care programs make, on average, \$2,980 less annually.
- -Compared to White educators, Hispanic educators earn significantly less *regardless* of education, experience, or location.
- -Seven in ten early childhood educators who work full-time cannot access health insurance from their employer. Half do not have paid sick leave.

ⁱⁱ See Appendix A for the full Texas Director Survey

iii See Appendix C for data on the workforce of center-based directors.

The ECE workforce is comprised primarily of women of color who are highly experienced but have lower levels of education

The Texas Director Survey identified the roles and demographic characteristics of the early childhood workforce to better understand the composition of the workforce and their needs. Most early childhood educators work in the classroom role of Lead Teacher (56%), followed by Assistant Teacher (26%), and Floater/Rotating Teacher (16%). Most early childhood educators report working in a metropolitan county in Texas (88%), working at child care programs that employ between six and 19 educators (60%), and working at child care programs that do not accept child care subsidies (63%). Just under half of homebased owners are the sole educator at their child care program (47%) and the remaining employ one to 10 additional part- and full-time early childhood educators.

Most commonly, early childhood educators are Hispanic women

Women comprise the vast majority (96%) of early childhood educators in Texas. At child care centers, the plurality of early childhood educators are Hispanic (43%), followed by White (30%) and Black (19%) educators. Compared to child care centers, more home-based educators are Black (28%) and fewer are Hispanic (35%); a similar proportion are White (29%). Among home-based owners, even fewer are Hispanic (23%) and more are White (43%), with a similar percentage of Black owners as educators (27%) in both home- and center-based settings. See Table 2 for the full description of the gender, race, and ethnicity of the early childhood educator workforce.

Table 2: The Demographic Composition of the Texas Early Childhood Educator Workforce

	<u> </u>			
	All Educators (n=3,848)	Center-Based Educators (n=3,565)	Home-Based Educators (n=133)	Home-Based Owner-Educators (n=150)
Hispanic	41.9%	43.0%	34.6%	23.3%
White, non-Hispanic	30.8%	30.3%	28.6%	43.3%
Black, non-Hispanic	19.1%	18.5%	27.8%	26.7%
Asian	2.1%	2.0%	3.0%	3.3%
Middle Eastern	1.5%	1.6%		
Pacific Islander	0.2%	0.2%		
Native American	0.05%	0.1%		
Other	0.1%	0.1%	0.8%	
Multiracial	1.4%	1.3%	2.3%	2.7%
Unsure/Missing	2.9%	3.1%	3.0%	
Women	96.3%	96.5%	89.0%	97.3%

Note: Educators who identified as White-Hispanic were recoded as Hispanic in these analyses.

Most early childhood educators do not have a formal degree or certification beyond high school

Most commonly, early childhood educators have no degree or certification beyond high school (58%). Owners are typically high school educated (39%) or have a CDA or associate's degree (39%). Overall, only 17 percent of the collective ECE workforce holds a bachelor's degree or higher, including 22 percent of owners, 17 percent of home-based educators, and 14 percent of center-based educators. Comparing the ECE workforce to the general population of Texans, early childhood educators are disproportionately less educated than the general population, with 33 percent of Texans 25 years and older holding a bachelor's level of education or higher, compared, to just 17 percent of the ECE workforce.⁶³

Notably, approximately one in six, or 17 percent, of all early childhood educators and owners attended "some college" but have not completed a degree, underscoring the need to better understand potential barriers to college completion. See Table 3 for details about formal education across child care program types.

Table 3: The Educational Achievement of the Early Childhood Educator Workforce

	Center-Based Educators (n=3,565)	Home-Based Educators (n=133)	Home-Based Owner-Educators (n=150)
Less than High School iv	1.4%	9.0%	
HS Diploma or GED	41.4%	33.1%	18.7%
Some College	17.3%	17.3%	20.7%
CDA or Specialized Trade Certificate	14.8%	10.5%	24.7%
Associate's Degree	6.8%	9.8%	14.0%
Bachelor's Degree	12.0%	15.8%	15.3%
Master's Degree	1.8%	1.5%	6.0%
Doctoral Degree	0.03%		0.7%
Unsure/Missing	4.6%	3.0%	

Note: Those who were reported as having a CDA but reported either a high school diploma, less than a high school diploma, or some college were recoded to the higher education category of CDA or Specialized Trade Certificate.

iv Texas' minimum standards for child care centers require early childhood educators and directors to have a high school diploma or its equivalent. The Prenatal-to-3 Policy Impact Center chose to report the education level reported by directors. https://www.hhs.texas.gov/sites/default/files/documents/doing-business-with-hhs/provider-portal/protective-services/ccl/min-standards/chapter-746-centers.pdf

At the median, educators have four years of experience and owners have 20 years

Across the state, many in the ECE workforce have worked as early childhood educators for a long time, particularly the home-based owners. Almost half (46%) of home-based owners have 21 or more years of experience in early childhood, and less than five percent have five or fewer years of experience. Experience among center-based and home-based educators varies widely; more than half of the early childhood educator workforce has less than six years of experience, and one-quarter has six to 15 years of experience. 14 percent of early childhood educators have 16 or more years of experience. See Figure 1 for the distribution of experience across the ECE workforce.

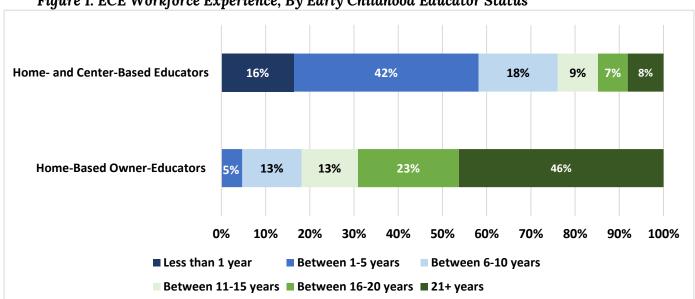


Figure 1: ECE Workforce Experience, By Early Childhood Educator Status

Source: 2022 Texas Director Survey, Prenatal-to-3 Policy Impact Center, August 2022. Notes: n=3,469 for Homeand Center-Based Educators; n=149 for Home-based Owner-Educators.

85% of early childhood educators work for less than a living wage

In Texas, the median wage of an early childhood educator is \$12.00 per hour. The median annual earnings of an owner-educator is \$16.00 per hour, or \$32,000 a year, with many differences across child care programs and educator characteristics.

In Texas, on average, a person must make \$16.41 per hour working full time, or \$34,133 per year, to support themselves (i.e., a household of one); in other words, someone earning \$16.41 per hour earns a living wage. Within the Texas ECE workforce, 61 percent of owners, 94 percent of home-based educators, and 90 percent of center-based educators do not make a living wage (i.e., an annual income of at least \$34,133). The vast majority of

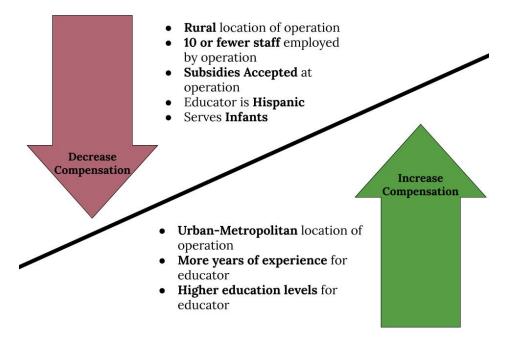
 $^{^{\}upsilon}$ Annual earnings for early childhood educators are calculated by multiplying the median hourly pay by 2000 hours per year

Texas' ECE workforce does not earn enough for early childhood educators and their families to meet minimum living standards. These findings are consistent with other data collection efforts that demonstrate that the ECE workforce heavily relies on public assistance programs to make ends meet.⁶⁵

Where early childhood educators work influences their wages: Programs that are rural, smaller, and subsidy-accepting pay less

In Texas, an early childhood educator's compensation differs based on the characteristics of the child care program at which they work, as well as the characteristics of the individual educator (see Figure 2). Early childhood educators who work at a child care program located in an urban-metropolitan county earn significantly more than educators who work in rural counties. Early childhood educators who work at child care programs that employ more than 10 educators earn significantly more than early childhood educators who work at child care programs that employ 10 or fewer educators. And in Texas, early childhood educators who work at child care programs that do not accept subsidies earn significantly more than educators who work at child care programs that do. See Table 4 for variation in median hourly wage by child care program characteristics.

Figure 2: Variation in Compensation Across Early Childhood Educator and Child Care Program



Source: 2022 Texas Director Survey, Prenatal-to-3 Policy Impact Center, August 2022. Notes: All factors noted above are statistically significant as demonstrated by a multivariate regression model predicting early childhood educator wage. See Appendix B for details.

Differences in owner compensation follow similar patterns as home- and center-based educators, with higher earnings, on average, for owners whose businesses are in an urban-metropolitan county and for owners who do not accept subsidized child care. vi

Table 4: Differences in Compensation for Early Childhood Educators by Child Care Program Characteristics

Child Care Program Characteristics	n	Median Hourly Pay		
Туре				
Home-based Child Care Program	133	\$11.00		
Center-based Child Care Program	3,565	\$12.00		
Location	Location			
Rural Child Care Program	444	\$10.00		
Urban-Metropolitan Child Care Program	3,254	\$12.50		
Subsidy Acceptance				
Child Care Program Accepts Subsidies	2,342	\$12.00		
Child Care Program Does Not Accept				
Subsidies	1,356	\$13.00		
Number of Staff Employed				
1-10 Staff	1,547	\$11.00		
11 + Staff	2,151	\$13.00		

Source: 2022 Texas Director Survey, Prenatal-to-3 Policy Impact Center, August 2022. Notes: n=3,698 educators for home-and center-based child care programs. Home-based owner-educator data can be found in Appendix C.

Differences in hourly wages among early childhood educators at different child care programs add up over a year. Accounting for early childhood educator and child care program differences:

- An early childhood educator who works at a child care program located in a rural county would earn approximately \$2,980 less annually than she would if she worked in an *identical* child care program in an urban-metropolitan county.
- An early childhood educator who works at a child care program that <u>does not</u> accept child care subsidies earns approximately \$1,240 more annually than an early childhood educator at an *identical* child care program that accepts subsidies.

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vi See Appendix B for details

Education and experience can lead to small increases in earnings

In Texas, early childhood educator compensation also varies across individual educator characteristics. Statistically, early childhood educators generally earn more annually with higher levels of education and more years of experience. Additionally, early childhood educators generally earn less annually by working with infants compared to educators who do not work with infants but instead just serve older children. However, increases in wages with education or experience are very small, providing little incentive to obtain higher education. Individual employers also likely cannot provide a large raise upon completion of a new degree or certification, further limiting individual advancement. See Table 5 for variation in average hourly pay by educator characteristics.

Table 5: ECE Workforce Median Hourly Wage, by Early Childhood Educator Characteristics

	Center-Based Educators (n=3,563)	Home-Based Educators (n=132)	Home-Based Owner-Educators (n=136)		
Level of Education					
High School Educated	\$11.00	\$10.00	\$13.09		
CDA or Associate's	\$13.00				
Bachelor's or Higher	\$14.91				
CDA or Higher		\$13.17	\$15.00		
Years of Experience					
5 Years or Less	\$11.00	\$10.00	\$13.33		
Between 6 and 15 Years	\$13.00	\$12.00	\$15.00		
More than 16 Years	\$14.66	\$13.33	\$14.88		
Serves Infants					
Yes	\$12.00	\$11.00			
No	\$12.50	\$11.30			
Race					
White, NH	\$12.35	\$11.00	\$15.00		
Black, NH	\$12.38	\$10.25	\$15.00		
Hispanic	\$12.00	\$11.00	\$12.00		

Source: 2022 Texas Director Survey, Prenatal-to-3 Policy Impact Center, August 2022. Notes: Educational attainment of a CDA or higher was combined for Home-based educators and owners given their small sample size. Most Owner-educators serve children of all ages, we did not include the small number who serve only infants (n=0) or only preschool-aged children (n=2). For center-based educators, n ranges from 3,344-3,563; for home-based educators, n range from 125-132. Ranges differ by item because some directors skipped items.

Patterns in center-based educator compensation show small increases with more educational attainment. Center-based educators who are high school educated earn a median pay of \$11.00 per hour, educators with a CDA or associate's earn a median pay of \$13.00 per hour, and educators with a bachelor's degree or higher earn a median pay of \$14.91 per hour. Similarly, home-based educators with a high school diploma earn a median income of \$10.00 per hour, but home-based educators with a CDA or higher earn a median income of \$13.17.

Patterns in home-based owner compensation also show small increases with more educational attainment. Owners with a high school diploma earn a median income of \$13.09 per hour, and owners with a CDA or higher earn a median income of \$15.00 per hour. We do not have enough home-based educators or owners with higher levels of education in our sample to compare the difference in wages between a CDA and a bachelor's degree for these groups.

More experience leads to small increases in earnings for early childhood educators, but not home-based owners

In general, across early childhood educators and child care program types, more years of experience translates into more earnings. Although small, increases in earnings for early childhood educators are statistically significant. Early childhood educators with less than five years of experience earn a median pay of \$11.00 per hour, and a more tenured early childhood educator (with 16 or more years of experience) earns a median pay of \$14.53 per hour. However, for home-based owners, earning patterns do not increase linearly across levels of experience, ranging from just \$13.33 to \$14.88 per hour at the median, across years of experience.

Hispanic members of the ECE workforce make less than White members

In Texas' ECE workforce, Hispanic educators make less than White educators. Differences in compensation between White and Hispanic early childhood educators *cannot* be attributed to an early childhood educator's individual merits such as level of education, years of experience, or the ages of children they serve; nor can differences in compensation be attributed to characteristics of the child care program at which early childhood educators work, such as location, size of child care program, or subsidy acceptance of a child care program. On average, a Hispanic early childhood educator earns approximately \$800 less annually than a White early childhood educator in Texas. In other words, over and above individual or child care program characteristics, there is a disparity in pay between Hispanic and White early childhood educators.

Black members of the ECE workforce earn approximately the same as White members

In Texas' ECE workforce, Black early childhood educators earn approximately the same as White early childhood educators. Black educators earn a median pay of \$12.38 per hour, and White educators earn a median pay of \$12.35 per hour. Comparable earnings between Black and White early childhood educators remain even after accounting for early childhood educators' individual characteristics, such as level of education, years of experience, or the ages of children they serve. Compensation also did not differ between Black and White early childhood educators after accounting for characteristics of the child care program at which early childhood educators work, such as location, size of child care program, or subsidy acceptance of a child care program. After accounting for individual and child care program characteristics, on average, a Black early childhood educator earns \$60 less annually than a White early childhood educator; this hourly pay difference is not statistically different.

Few full-time early childhood educators can access health insurance benefits through their employer, with access particularly limited for home-based educators and owners

In addition to earning low wages, most full-time early childhood educators cannot access health insurance benefits, including health, vision, and dental insurance, through their jobs. Only 32 to 35 percent of full-time center-based educators can access insurance benefits through their employer and fewer than 11 percent of home-based educators and owners can. Following a similar pattern, 30 percent of center-based educators can access a retirement account, compared to only two percent of home-based educators and owners.

Early childhood educators can more commonly access paid leave, including paid sick leave and paid vacation and/or holiday days, but gaps remain. The vast majority (89%) of center-based early childhood educators have paid time off for vacation and/or holiday days, and half (51%) have paid sick leave. However, among home-based educators and owners, fewer than half have paid vacation and/or holiday days, and fewer than 30 percent have paid sick leave. Table 6 details the percentage of the sample with access to each benefit through their employer.

Table 6: Access to Employment Benefits Across the Early Childhood Educator Workforce

	Center-Based Educators (n=2,376)	Home-Based Educators (n=48)	Home-Based Owner-Educators (n=122)
Health Insurance	31.6%	10.4%	6.0%
Dental Insurance	35.4%	2.4%	3.5%
Vision Insurance	34.2%	2.4%	3.5%
Flexible Spending Account (FSA)	10.1%	4.6%	0.9%
Paid Sick Leave	51.4%	29.8%	25.8%
Paid Vacation/Holiday Time	89.4%	50.0%	43.4%
Retirement Account	29.6%	2.4%	2.7%

Note: Educators reported in the table work full-time (defined as 30+ hours per week) center-based educators (n=2,426) and home-based educators (n=54) who not employed at a child care program reported as a Head Start operation or public pre-K operation. Directors reported in the table also work at child care programs that are not Head Start or public pre-K (n=132). For center-based educators, n ranges from 2091-2376; for home-based educators, n range from 42-48; for home-based owner educators, n ranges from 113-455. Ranges differ by item because some directors skipped items.

vii The Texas Director Survey did not access the number of paid sick leave days an early childhood educator receives from their employer

Generally, access to employment benefits increases with child care center size. For instance, nearly all (98%) of early childhood educators at centers with more than 20 employees have access to paid vacation, but only 63 percent of early childhood educators at centers that employ only one to two people have access to paid vacation. Similarly, even though access to health insurance is low across all early childhood educators, full-time early childhood educators at centers with 20+ employees are more likely to have access to health insurance through their employer (35%) than those employed full-time in smaller centers where there are only three to five people employed (21%).

Chapter 6: Hiring, Retention, & Turnover – Texas Director Survey

In addition to sharing early childhood educator-level workforce data, directors shared the challenges they face in hiring and retaining quality staff, ways to overcome these challenges, and their ideal starting wage to build a high-quality workforce. Resoundingly, directors share that wages must increase to attract and retain high-quality staff, but child care businesses cannot increase wages under current conditions without making care unaffordable for families or even closing their business.

Low wages and higher-paying opportunities in other fields prevent directors from hiring

When directors need to hire new staff, they report the wages they can pay are too low to attract high-quality staff (77%) and that other jobs pay more (70%). Finding qualified candidates (63%) and candidates who want to work in child care (53%) also challenge directors. Overall, only three percent of directors do not face major challenges in hiring the early childhood educators they need.

Wages are too low to attract quality staff

Other job opportunities pay more

We cannot find qualified candidates

People do not want to work in child care

We do not face any major challenges to hiring

3%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

Figure 3: What challenges do you face to hiring additional caregiving staff in the current market?

Source: 2022 Texas Director Survey, Prenatal-to-3 Policy Impact Center, August 2022. Note: n=657

Directors would prefer to pay starting early childhood educators at least \$15.00 per hour – double the minimum wage in Texas

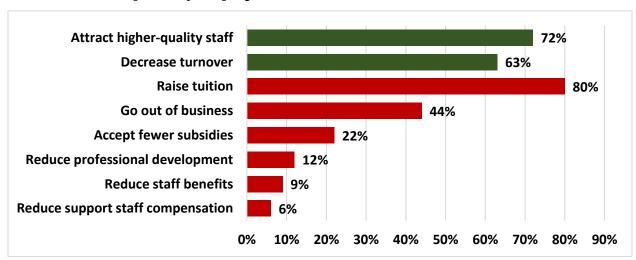
Directors across Texas report a wide range of preferred starting pay rates for a new lead teacher, from \$7.25 to \$35.00 per hour. However, nearly 25 percent of directors said specifically that \$15 per hour would be their preferred starting pay, and 50 percent of directors said between \$13.00 and \$18.00 per hour. The directors' responses provide a clearer sense of possible target wages for a new early childhood educator. Given that the median pay for an early childhood educator with zero to five years' of experience is

currently \$11.00, these relatively modest ideal wage options still present a substantial increase from the status quo in the field.

Directors cannot pay their ideal wages without raising tuition to unaffordable rates and/or going out of business

Fewer than one in five directors already pay a wage that they report is the "ideal" starting wage (most commonly, \$15.00 per hour); the remaining directors face substantial barriers. Eighty percent of directors who cannot currently pay staff the ideal wage note that they would have to raise tuition to do so, and another 44 percent reported that they would go out of business. Despite these substantial challenges, 72 percent of directors report that paying their ideal wage would attract higher-quality staff and 63 percent said it would likely decrease turnover. See Figure 4 for the full results.

Figure 4: If you provided your ideal starting wage (median response = \$15 per hour) to staff, what would the impact on your program be?

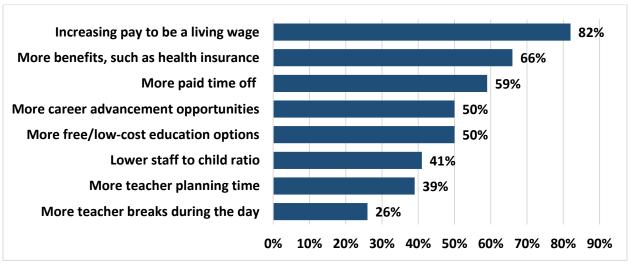


Source: 2022 Texas Director Survey, Prenatal-to-3 Policy Impact Center, August 2022. Note: n=615

Most directors believe increasing pay would most effectively reduce ECE workforce turnover

Similar to hiring new staff, retaining existing staff remains a challenge for directors across the state. The vast majority (82%) of directors report that increasing pay, specifically to ensure all early childhood educators make a living wage, would reduce turnover "a lot," reducing the time and resources spent hiring in the first place, support longevity in staff-child relationships, and build a high-quality, tenured ECE workforce.

Figure 5: Factors that would help "A Lot" to reduce turnover of high-quality educators at child care programs in your area?



Source: 2022 Texas Director Survey, Prenatal-to-3 Policy Impact Center, August 2022. Note: n ranges from 688 to 732 by item because some directors skipped items.

The role of providing other benefits to staff to support retaining a high-quality workforce cannot be overlooked, either. One-half or more of directors report that providing benefits such as health insurance, paid time off, and support for advancing early childhood educators' careers through advancement opportunities and free or low-cost continuing education would also reduce turnover "a lot."

Chapter 7: Professional Development for Early Childhood Educators –Texas Director Survey

Most early childhood educators at center-based child care programs obtain required professional development hours through in-house trainings

Educators in Texas must complete annual training requirements (professional development hours, or PD hours) to work as an early childhood educator, ranging from 24 hours for an early childhood educator in a non-Texas Rising Star child care program⁶⁶ to 36 for a Director in a Texas Rising Star child care program.⁶⁷ The U.S. Department of Labor (DOL) issues guidance on how the Fair Labor Standards Act applies to child care programs, and indicates that time spent attending trainings to fulfill state-required professional development should be considered working time and early childhood educators should receive appropriate compensation.⁶⁸

More than half (57%) of center-based child care programs provide most of their staff's required professional development training in-house; the remaining (43%) require staff to complete their professional development on their own. Nearly 40 percent of directors report that staff are *not* paid for the time they spend in professional development training. Smaller centers, non-Texas Rising Star centers, and centers in which staff are expected to complete professional development on their own are the *least likely* to pay staff for their professional development hours. Figure 6 shows the ways that center staff complete professional development across the state.

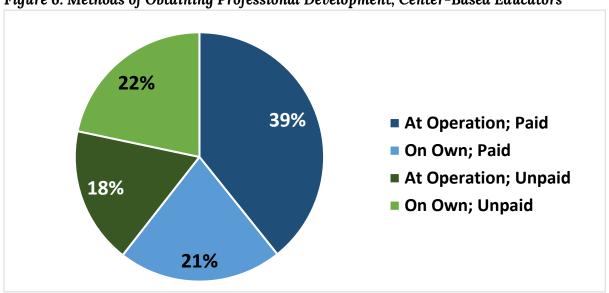


Figure 6: Methods of Obtaining Professional Development, Center-Based Educators

Source: 2022 Texas Director Survey, Prenatal-to-3 Policy Impact Center, August 2022. Notes: n=535

Few non-Texas Rising Star child care programs know about professional development resources available to them in Texas

Numerous options for accessing high-quality professional development exist for Texas early childhood educators, including some resources that early childhood educators can use for free. Many of these resources, however, are underutilized by Texas directors and early childhood educators. As shown in Figure 7, between one-third and one-half of all directors, particularly at non-Texas Rising Star child care programs, say that they have not heard of key professional development resources funded or provided by the state.

Awareness and usage-promotion campaigns for both the TECPDS Trainer Registry and CLI Engage typically focus on Texas Rising Star child care programs, resulting in a large gap in awareness and use of these resources between Texas Rising Star and non-Texas Rising Star Child Care Programs (see Figure 7).

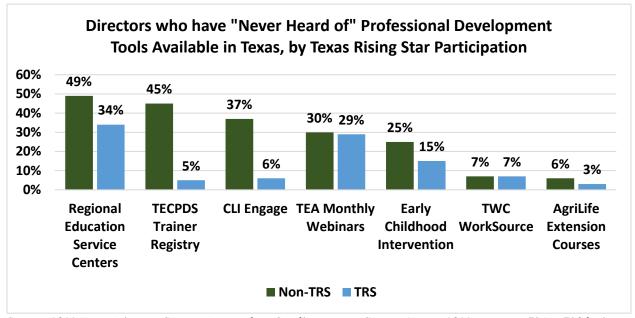


Figure 7: Directors' Knowledge of Available Professional Development Resources

Source: 2022 Texas Director Survey, Prenatal-to-3 Policy Impact Center, August 2022. Notes: n=734 to 780 by item; sample size varies because directors skipped questions.

Supporting these findings, 91 percent of Texas Rising Star directors have a TECPDS account and a CLI Engage account, compared to approximately 25 percent of non-Texas Rising Star directors. Most directors who do not have a TECPDS account report that they do not because they do not know what it is or how to register (61%), they do not understand why it would be valuable to them (20%), or they do not have time to register or figure out how to use the platform (9%). Similarly, just under 60 percent of Texas Rising Star directors report that at least half of their staff have a TECPDS and a CLI Engage account, compared to just 10 percent of non-Texas Rising Star directors.

Chapter 8: Pay Scale and Cost Estimation Model: Frameworks for Transforming the ECE Workforce

Results of the Texas Director Survey show that early childhood educators in Texas earn substantially less than a living wage. Child care programs want to pay early childhood educators more but cannot afford to. Early childhood educators also lack access to benefits, such as health insurance or paid time off, which makes it difficult for child care programs to hire and retain high-quality early childhood educators. Raising the quality of the workforce requires developing a mechanism to equitably compensate early childhood educators for their work, without forcing child care programs to increase tuition or go out of business.

Recommendations to increase compensation for early childhood educators are presented in the next chapter (Chapter 9). First, however, this chapter provides recommendations to increase compensation for early childhood educators. This chapter provides the groundwork for those recommendations by sharing the framework for two key policy changes to support the ECE workforce:

- 1. A pay scale that provides early childhood educators with wages similar to K-12 public school teachers; and
- 2. A model for calculating CCS reimbursement rates that considers the true cost of quality care.

Developing a pay scale for early childhood educators that provides pay parity with K-12 public school teachers

Early childhood educators are teachers, with many of the same responsibilities as elementary school teachers, but they earn significantly less than their public school counterparts. One of the key challenges with hiring and retaining a quality ECE workforce is that child care programs cannot compete with the wages and benefits offered by K-12 public school teaching positions. Implementing a pay scale that provides guidance as to how much an early childhood educator should earn based on their education and experience can level the playing field to make ECE jobs more competitive and incentivize high-quality early childhood educators to stay and entice new entrants into the early childhood education field.

A parity pay scale means that an early childhood educator, who creates lesson plans, offers a structured learning environment, and prepares children for future years of school, who has the same level of education and experience as a K-12 public schoolteacher would earn

the same wage. A pay scale is also a mechanism to minimize wage inequities across race and ethnicity, region, and age of child served.

In these recommendations to inform the strategic plan, the parity pay scale is based on the TEA minimum salary schedule for K-12 teachers across Texas, which requires that a first-year K-12 teacher with a bachelor's degree earns a minimum of \$3,366 per month for 10 months, for an annual salary of \$33,660.⁶⁹ Early childhood educators work 12 months per year, and thus parity would yield an annual salary of \$40,392 and an hourly wage of \$19.42 for early childhood educators who hold a bachelor's degree in their first year as an early childhood educator.

Understanding that only 14 percent of Texas early childhood educators hold a bachelor's degree or higher, the Workgroup established additional levels of pay on the parity pay scale. On the Texas Director Survey, most directors report that the ideal starting wage for early childhood educators is <u>at least</u> \$15/hour, and therefore the minimum pay on the parity pay scale used in these recommendations is \$15.

Following existing models for calculating early childhood educator parity,⁷⁰ an entry-level parity wage for early childhood educators with an associate's degree is calculated to be the midpoint between the wage for those with no higher education (\$15) and a bachelor's degree (\$19.42), yielding an hourly wage of \$17.21. An entry-level parity wage for individuals with a CDA is set to the midpoint between no higher education (\$15) and an associate's degree (\$17.21), yielding an hourly wage of \$16.10.

Table 7: Parity Pay Scale Used in the Workgroup Recommendations to Inform the Strategic Plan

Highest level of education in child development or a related field	Entry level hourly wage for an early childhood educator with zero years of experience
High School Diploma or Equivalent	\$15.00
CDA	\$16.10
Associate's degree	\$17.21
Bachelor's degree	\$19.42

The wages reflected in the parity pay scale reflect a significant increase over current wages at every education level. However, this pay scale is based on the *minimum* rate of compensation that public school teachers must be paid and therefore represents an interim step along the path towards true parity with the wages public school teachers typically make. Although this pay scale aligns with TEA minimum standards, the median salary of entry level K-12 public school teachers is much higher. Given the reality of K-12 public school teacher wages, true parity calls for even higher wages for early childhood educators. Additionally, although directors in the Texas Director Survey indicated that their preferred wage to pay early childhood educators would be \$15/hour, the job market is

shifting quickly. To be competitive with other industries and ensure early childhood educators earn a living wage, over time, the floor of this parity pay scale will need to increase. Given the dynamic nature of the child care market, this parity pay scale should be re-evaluated every three years as part of strategic plan development, and should not be considered static. Additionally, given the wide variability in cost of living across Texas, this scale should be adapted regionally.

In the future, the parity pay scale should be expanded to integrate education, experience, and competency (see Recommendation 3) to appropriately reward high-quality early childhood educators who remain and advance in the field.

Given the extremely narrow profit margins within ECE, simply creating and implementing a parity pay scale for early childhood educators, however, does not enable child care programs to offer that wage to staff. Implementing a cost estimation model to calculate CCS reimbursement rates provides an additional tool to increase ECE wages.

Using a cost estimation model to calculate the true cost of quality care for CCS reimbursement rates

One of the proposed recommendations that would raise the quality of the child care workforce is to set the reimbursement rates for child care subsidies at the true cost of quality care (Recommendation 2). The true cost of providing quality care to children must consider the wages and benefits required to attract and retain high-quality staff. To ensure a high-quality workforce, wages must appropriately compensate early childhood educators based on education and experience.

Feedback from the Workgroup and the Texas Director Survey made clear that non-cash benefits, such as health insurance, paid time off, and paid planning time are also necessary components of a compensation package to attract and retain high-quality early childhood educators.

The Center for American Progress (CAP) has developed a cost estimation model for estimating the true cost of quality care that includes the following types of expenses in its estimate:⁷²

- **Personnel:** hourly/annual wages for director, lead teachers, assistant teachers, and substitute/floater teachers; contributions to benefits, etc.
- Non-Personnel: Rent, utilities, building insurance, office supplies and equipment, liability insurance, telephone/internet, food and kitchen supplies, education supplies and equipment, etc.

Using the CAP model as a guide, the Prenatal-to-3 Policy Impact Center developed a calculator to estimate the statewide averages for the true cost of center-based care for infants, toddlers, pre-school children, and school age children in Texas at different levels of quality. To adapt to the Texas child care landscape, and to reflect feedback from the Workgroup and Directors in the Texas Director Survey, the true cost of quality care calculated by the Prenatal-to-3 Policy Impact Center includes the following:

- Non-Personnel costs as included in the CAP model.
- Employer contributions to **Health Insurance** and **Retirement** benefits for all early childhood educators.
- The cost to pay floating teacher(s) to cover classrooms to enable early childhood educators to have **paid planning time**.
- The cost to pay for **substitute teachers** to cover **10 days of PTO** for all full-time early childhood educators.
- The cost to pay for the appropriate number of lead and assistant early childhood educators per classroom to ensure **child-to-early childhood educator ratios that allow for the provision of safe and responsive high-quality care** (note that the calculation estimates different child-to-early childhood educator ratios based on

- different Texas Rising Star certification star levels, assuming lower child-to-early childhood educator ratios at higher-quality child care programs).
- The cost of paying all early childhood educators at least \$15/hour, based on a pay scale that rewards education and experience to pay all early childhood educators wages that have parity with K-12 public school teachers.
- Different reimbursement rates are modeled for Two-, Three-, and Four-star Texas
 Rising Star child care programs to account for the higher costs of providing higherquality care.

By accounting for the personnel and non-personnel costs that contribute to the cost of providing high-quality child care, the true cost of quality care estimates significantly higher reimbursement rates than current CCS reimbursement rates in Texas, which are based on the 75th percentile of the market rate. See Appendix D for full calculation details.

Table 8: Current and Projected (based on True Cost of Quality Care) Daily CCS Reimbursement Rates for Center-Based Care (statewide averages)

	Current Reimbursement Rate for Two-Star Center	True Cost of Quality Care, Reimbursement Rate for Two-Star Center	Current Reimbursement rate for Four-Star Center	True Cost of Quality Care, Reimbursement Rate for Four-Star Center
Infants	\$36.62	\$62.82	\$40.94	\$80.05
Toddlers	\$34.37	\$50.05	\$36.82	\$70.55
Preschool	\$32.69	\$41.95	\$34.15	\$51.55
School Age	\$31.61	\$39.41	\$32.89	\$47.45

Note: Daily rates in the table above reflect the total payment to child care program, which is made up of a combination of CCS reimbursement and parent share of cost.

Workgroup Recommendations

Provide retention
bonuses directly to
early childhood
educators to attract and
retain a high-quality
workforce

Take steps to stabilize the child care system by reimbursing at true cost of quality care for all CCS slots, and invest in sustainability by increasing access to CCS.

Develop a competency framework to monitor, evaluate, support, and reward a high-quality child care workforce Increase number of high school graduates working as high-quality early childhood educators and create pathways to link students to ECE field

Allow each step along the educational pathway for early childhood educators to apply to the next step

Increase awareness of and access to existing resources for highquality professional development for all early childhood educators

Align Workforce Boards on best practices for how to support child care programs and early childhood educators

Expand access to health insurance benefits for early childhood educators

Ensure that TECPDS is useful to child care programs and early childhood educators and require the ECE workforce to use it

Establish governance at state and local levels that is responsive to the needs of the child care industry

Secure sustainable funding for child care

Chapter 9: Recommendations to Transform the Child Care Workforce

Major Recommendations

- 1. Provide retention bonuses directly to early childhood educators to attract and retain a high-quality workforce
- 2. Take steps to stabilize the child care system by reimbursing child care programs at the true cost of quality care for all current CCS slots, and invest in long-term sustainability of the child care system by increasing access to CCS
- 3. Develop and use a competency framework to monitor, evaluate, support, and reward a high-quality child care workforce

Background

H.B. 619 directs the strategic plan to provide recommendations for improving the quality of the child care workforce in Texas. Raising the quality of the child care workforce requires three things: (1) attracting new, high-quality early childhood educators to the workforce, (2) retaining the high-quality early childhood educators who are already part of the workforce, and (3) raising the quality of existing early childhood educators by supporting them to receive more education and/or training. A high-quality workforce is critical for healthy child development, and the Workgroup agrees: raising workforce compensation.

Parents of young children cannot work without access to child care, and businesses need parents in the workforce. A stable child care system is necessary for a functioning economy, but the child care industry is in crisis. A 2021 survey conducted by the National Association for the Education of Young Children (NAEYC) found that nationally, four out of five child care programs were understaffed, preventing child care programs from operating at maximum capacity. In the Texas Director Survey, only three percent of directors report experiencing *no* difficulties with hiring, underscoring the extent to which hiring inhibits the industry from running as smoothly and effectively as possible.

Simultaneously, early childhood education persists as one of the lowest paid occupations in the United States. As of 2019, the median U.S. early childhood educator made just \$24,230, putting them in the second percentile of all occupations. A Nationally, approximately 19 percent of early childhood educators participate in SNAP and Medicaid or CHIP (Children's

Health Insurance Program) to make ends meet for their family because their wages are so low.⁷⁵ In the Texas Director Survey, nearly three-fourths of directors report difficulty hiring because other jobs pay more than child care and because wages and benefits remain too low to attract new staff.

When child care programs close or cannot operate at full licensed capacity because they are understaffed, Texas families and the Texas economy suffer. Lack of access to consistent, high-quality child care causes parents to miss work or school, and even to leave the workforce entirely, costing the Texas economy an estimated \$9.39 billion per year.⁷⁶

Unlike other industries in which businesses can raise prices to accommodate increased labor costs, child care businesses cannot raise wages to compete with other industries, or to pay staff the wages they deserve, given the early childhood educator's education and experience. Child care businesses are constrained in the prices they can charge by what families in their community can pay, and child care is already unaffordable for most Texas families.⁷⁷ A family of three earning the median income in Texas (\$71,728) and paying the median cost for center-based infant care spends 13 percent of its household income on child care.⁷⁸

Stabilizing the child care industry must happen in order for workforce quality to increase, and industry stabilization requires that Texas accomplish three things:

- Child care programs make enough money to keep their businesses open.
- Early childhood educators are paid a wage that allows them to remain in child care.
- Families can afford to access high-quality child care for their children.

These three elements currently work in opposition to one another: raising wages requires raising tuition, which is already unaffordable for families; and if children currently receiving care have to stay home because their parents/guardians cannot afford higher tuition, child care program profits will plummet further, and other businesses will suffer because parents will not be able to work.

Raising the quality of the child care workforce, then, requires a system-level approach. The Workgroup's recommendations provide emergency stabilization for the current child care workforce, build a sustainable system that will provide high-quality child care over the long-term, and raise the quality of current and future early childhood educators. These initiatives are reflected in the following major recommendations:

1. Provide retention bonuses directly to early childhood educators to attract and retain a high-quality workforce

- 2. Take steps to stabilize the child care system by reimbursing child care programs at the true cost of quality care for all CCS slots, and invest in long-term sustainability of the child care system by increasing access to child care subsidies
- 3. Develop and use a competency framework to monitor, evaluate, support, and reward a high-quality child care workforce

If the vision of these recommendations is achieved, Texas will have early childhood educators who are paid wages that have parity with public K-12 schoolteachers, child care programs who can afford to keep their businesses open, and affordable access to high-quality child care for all children in Texas. A sustainable child care system is critical for the wellbeing and financial security of children and families of Texas and critical for the economy.

Major Recommendation #1

Provide retention bonuses directly to early childhood educators to attract and retain a high-quality workforce

Strategies

- 1.1 In year one (FY24), provide a \$6,000 flat-rate retention bonus to every early childhood educator
- 1.2 In fiscal years two and three (FY25 and FY26), provide a retention bonus tiered by education and experience ranging from \$6,000 to \$10,000 annually

Background

The problem

The Workgroup agrees: to raise the quality of the child care workforce, early childhood educators must be paid more. Child care programs cannot pay higher wages without raising tuition,⁷⁹ but most families are already struggling to pay the high costs for child care.⁸⁰ Low staffing levels at child care programs across Texas limit families' access to child care, and cost the Texas economy billions of dollars per year.⁸¹

Child care programs are understaffed because of high turnover rates and difficulty hiring new early childhood educators. The Workgroup and Texas Director Survey respondents report that low compensation is the single biggest contributor prohibiting child care businesses from hiring and retaining high-quality early childhood educators. In the Texas Director Survey, approximately three-fourths of directors report difficulty hiring because other jobs pay more than child care and because wages and benefits remain too low to attract new staff. One director completing the survey said, "I wish I could pay [my early childhood educators] all double of what they make now, which is not far from minimum wage, but I am the most expensive child care center in my town and cannot afford to pay staff more without increasing tuition."

To provide emergency stabilization to the child care industry, and to recruit and retain a high-quality workforce, compensation for early childhood educators must increase.

Raising the wage floor

The Workgroup agrees that early childhood educators deserve a thriving wage. On the Texas Director Survey, 66 percent of directors report that the ideal starting wage for a full-time early childhood educator is \$15/hour or higher. Meeting this threshold would not only allow early childhood education to better compete with pay from other industries, but also open new avenues for recruiting people to the workforce. Providing a \$15/hour wage

would allow Workforce Boards to directly support recruitment and training of early childhood educators by setting early childhood education as a Targeted Occupation (see Recommendation 7) and enable school districts to offer training in early childhood education as part of Career and Technical Education (see Recommendation 4). For these reasons, the Workgroup recommends that all early childhood educators, including assistant and substitute teachers, earn a minimum of \$15/hour.

Retention bonuses

Retention bonuses paid directly to early childhood educators can provide immediate relief to the child care industry as businesses continue to struggle to stay afloat, particularly as prior disbursements of child care relief grants from ARPA funds begin to run out.

Texas has implemented retention bonuses on a small scale in about half of all Workforce Regions. For example, the RAISE program (Retention and Advancement Incentives to Support Educators) provides early childhood educators and providers in the Northeast Texas Workforce Region with quarterly awards ranging from \$800 to \$6,000 per year, based on education and experience. These retention bonuses are popular, but funding is temporary and they are limited only to early childhood educators who are part of Texas Rising Star and who work within the Northeast Texas Workforce Region.

Research findings from Virginia suggest that a retention bonus can have a profound influence on early childhood educator turnover. As mentioned earlier, a group of early childhood educators in Virginia were randomly selected through a lottery to receive a \$1500 retention bonus offered in three installments of \$500 over an eight-month period. At the end of the eight months, 29 percent of center-based early childhood educators who *did not* receive the bonus had left their positions, compared to just 15 percent of early childhood educators who received the bonus. In other words, early childhood educators who received the bonus showed nearly *half* the rate of attrition as early childhood educators who did not receive the bonus.⁸⁴

Recommendation #1 Strategies:

To stabilize the workforce and promote the hiring and retention of high-quality early childhood educators, the Workgroup recommends a three-year retention bonus initiative of \$6,000 to \$10,000 per early childhood educator annually, that provides bonuses directly from TWC to early childhood educators. At the end of the three-year period, the next strategic plan cycle will reassess the state of the workforce, and recommend phasing out the bonuses if early childhood educators are paid a wage commensurate with their education and experience.

1.1 <u>In year one (FY24), provide a \$6,000 flat-rate retention bonus to every early childhood educator</u>. The Workgroup recommends implementing a one-year flat-rate retention bonus of \$6,000 annually to the entire early childhood education workforce, including all early childhood educators, assistant directors, and directors.

Implementing this retention bonus as soon as possible, ideally no later than Summer 2023, will provide child care businesses with the opportunity to compete with other local industries for high-quality staff. A \$6,000 retention bonus is similar to receiving approximately a \$3 increase in hourly wages, bringing the average early childhood educator wage from \$12.58 to \$15, which is the ideal wage reported by most directors.

Texas should disburse the retention bonuses to early childhood educators in quarterly payments to smooth early childhood educator income and incentivize tenure. Early childhood educators will be eligible for retention bonuses after three months in the field. The Workgroup recommends providing a \$1,200 payment for the first three payments and a fourth payment of \$2,400 to reward early childhood educators who stay in the field for an entire year.

Texas can leverage the existing capabilities of the Texas Early Childhood Professional Development System (TECPDS), and the UT Health Science Center's Children's Learning Institute to administer bonuses. By creating a TECPDS account and connecting to their employer, early childhood educators could conveniently apply for the wage supplement program and employers can efficiently verify employment, providing an effective mechanism for applying for and receiving the wage supplement.

The Texas Director Survey shows rates of TECPDS use among directors and early childhood educators remains low, particularly in child care programs that are not participating in Texas Rising Star, because current state funding supports direct onboarding for Texas Rising Star directors only. To ensure an equitable rollout of retention bonuses, TWC should either invest resources into outreach and TECPDS account support and/or build parallel processes for early childhood educators whose employers do not use TECPDS (e.g., child care programs can verify employment through an automated email).

The retention bonus program should require early childhood educators to reapply quarterly for their bonus *and* create an application process that is quick and efficient. Reapplying quarterly minimizes the additional paperwork and tax burden for early childhood educators created from the retention bonuses.

Some early childhood educators who currently qualify for government assistance programs like SNAP will continue to qualify even after receiving a retention bonus, but some early childhood educators may no longer be eligible. The application process for retention bonuses should make cut-offs for government assistance programs clear so that each early childhood educator can make an informed choice before applying.

These one-year retention bonuses, benefitting approximately 90,000 Texans if all early childhood educators apply, will cost the state an estimated \$536 million. The state will also incur a one-time fee in year one of an estimated \$2.32 million (approximately \$26 per early childhood educator) to verify education and employment levels through TECPDS to support stipends aligned with education and experience in year 2. TECPDS record verification is a formal process to confirm the accuracy and authenticity of career-related documents. Developing a retention bonus program and disbursing the bonuses will also be associated with additional administrative costs to Texas, which are not estimated here.

Though the Workgroup recommends a substantial retention bonus to combat staffing shortages and meaningfully bring wages closer to competing industries, a more modest retention bonus option could offer early childhood educators a \$2,000 bonus in year one. A \$2,000 retention bonus is similar to a \$1 per hour wage increase and would cost the state an estimated \$179 million.

1.2 In years two and three (FY25 and FY26), provide a retention bonus tiered by education and experience ranging from \$6,000 to \$10,000 annually. During the year of flat-rate bonuses, TECPDS can work to verify all early childhood educators' education and experience levels. Verifying education and experience enables tiered retention bonuses for years two and three that reward the education and experience of more skilled and tenured early childhood educators, further incentivizing high-quality early childhood educators to remain in the field.

During year one, TECPDS will verify the education and experience of all early childhood educators who have TECPDS accounts. Each early childhood educator will be automatically assigned to the Beginner, Intermediate, or Advanced level of the TECPDS career pathway⁸⁶ based on the early childhood educator's education and experience.

During years two and three, the Workgroup recommends providing quarterly retention bonuses that amount to \$6,000 per year for early childhood educators at the "Beginner" levels of the TECPDS career pathway (73% of the current workforce), \$8,000 for early childhood educators at the "Intermediate" levels (23% of the

workforce), and \$10,000 for early childhood educators at the "Advanced" levels (4% of the workforce), for an estimated annual cost of \$590 million to the state. In addition to the cost of the retention bonuses, years two and three will also incur administrative costs that are not estimated here, as well as costs related to verifying education and experience for early childhood educators who are new to the field or who need to be re-verified following changes to their education or experience.

Though the Workgroup recommends substantial retention bonuses to combat staffing shortages, meaningfully bring wages closer to competing industries, and provide early childhood educators with wages at levels comparable to their public school counterparts, a more modest retention bonus option could offer \$2,000 for early childhood educators at the "Beginner" levels, \$4,000 for early childhood educators at the "Intermediate" levels, and \$6,000 for early childhood educators at the "Advanced" levels in years two and three. At full participation of the workforce, the more modest retention bonus option would cost the state an estimated \$233 million annually in years two and three.

Major Recommendation #2

Take steps to stabilize the child care system by reimbursing child care programs at the true cost of quality care for all current CCS slots, and invest in long-term sustainability of the child care system by increasing access to child care subsidies

Strategies

- 2.1 TWC calculates reimbursement rates for child care subsidies based on the true cost of quality care instead of current market prices for all current CCS slots
- 2.2 Texas expands access to child care subsidies and funds subsidies for all currently eligible children, up to 85 percent of SMI
- 2.3 Texas expands eligibility for child care subsidies up to 150 percent of SMI, with a copay schedule that caps family contribution to child care at 10 percent for families above 85 percent of SMI

Background

Retention bonuses should incentivize early childhood educators to join and remain in the workforce <u>while bonuses are in place</u>, but to raise workforce quality and stabilize the child care system for the long-term, child care programs must be able to pay early childhood educators fair wages in a sustainable way.

The problem

Texas bases reimbursement rates for child care subsidies on the Texas Market Rate Survey, which measures the *prices charged* for child care across the state.⁸⁷ Historically, Workforce Boards set their own rates, but as of October 1, 2022, the lowest threshold for maximum reimbursement rates was set at the 75th percentile of the market rate in all Workforce Regions,⁸⁸ which the federal government considers the target reimbursement rate to ensure equal access to child care for children participating in CCS.⁸⁹ This new rate is a positive step towards equal access in Texas, but the market price for care is restricted by what families can afford, rather than reflecting the actual cost of providing quality child care.⁹⁰ The Center for American progress estimates that the true cost of high-quality care for an infant in center-based care is \$1,947 per month,⁹¹ which is more than double the 75th percentile of the Texas market rate, which in 2022 was \$875.60 for an infant in center-based care.⁹²

Some child care program directors share that CCS reimbursement rates are so low that they lose money by accepting subsidies. Low reimbursement rates limit access to child

care for children participating in CCS and drive down profits and wages in child care programs that choose to accept subsidies. Findings from the Texas Director Survey indicate that early childhood educators from child care programs that accept subsidies earn, on average, \$0.62 less per hour than early childhood educators from child care programs that do not accept subsidies, even after adjusting for early childhood educator race, experience, education level, and other child care program characteristics. VIII One director completing the survey noted, "the child care subsidy needs to pay more to ensure centers who serve these communities can pay [early childhood educators] more. The state demands quality but does not really support it in many cases."

CCS reimbursement rates are low across the board, but because caring for infants and toddlers is more expensive because of lower child-to-early childhood educator ratios, the reimbursement rates for these ages are particularly insufficient. According to providers in the Workgroup, the low reimbursement rates for infants and toddlers make it difficult for child care programs to accept children participating in CCS in these age groups because they lose too much money doing so. Raising the CCS reimbursement rates to cover the true cost of infant and toddler care is a necessary step to ensure equitable access to child care across all age groups. In the current system, tuition for older children helps to subsidize the cost of caring for younger children because there are higher child-to-early childhood educator ratios in pre-K classrooms. However, as more three, four, and five-year old children move into public pre-K, the low reimbursement rates for infants and toddlers will become even more unsustainable.

The current reimbursement rates also fail to adequately compensate quality. Texas has demonstrated its commitment to quality child care by requiring that all child care programs accepting subsidies participate in Texas Rising Star,⁹³ a program that monitors and rewards quality in child care programs. Providers in the Workgroup, however, report that although reimbursement rates increase with star level rating, those increases do not cover the costs of providing higher-quality care. Higher star levels require child care programs to have more highly-qualified early childhood educators, lower child-to-early childhood educator ratios, and more space and equipment,⁹⁴ and the current reimbursement rates do not adequately pay for the levels of care expected at Three- and Four-Star child care programs.

The true cost of quality care

Other states (e.g., New Mexico, Virginia, and District of Columbia) have started reimbursing child care programs based on cost estimation models rather than a market survey.⁹⁵ Reimbursing based on an estimation of the true cost of quality care pays child care

viii See Appendix B for details

programs fairly for the CCS slots they offer and allows equal access to child care for children participating in CCS.

TWC has commissioned a cost of quality study for Texas, which has yet to be released. Separately, the Center for American Progress (CAP) has developed a cost estimation model for estimating the true cost of quality care, the details of which are included in Chapter 8.96

The idea behind the true cost of quality care is simple: child care programs must be paid the actual cost of providing quality child care to sustain their business. Using a cost estimation model to set reimbursement rates allows for the consideration of fair wages for early childhood educators, child-to-early childhood educator ratios that align with high-quality care, and inflation and cost of living adjustments, rather than being constrained to the rates families can afford to pay. Eight in ten directors on the Texas Director Survey reported that if they paid staff a fair wage, it would require them to raise tuition for families.

Expanding access to child care subsidies

Raising reimbursement to the true cost of quality care will not shift the needle on early childhood educator wages or on child care quality if subsidies remain a small portion of the market.

In Texas, the cutoff for CCS eligibility is 85 percent of state median income (SMI), which means a family of three is eligible if they earn an annual income at or below \$60,969.97 This eligibility threshold matches federal guidance,98 but in 2019, only 10 percent of eligible children in Texas received subsidies.99 Over the last four years, Texas has provided an average of approximately 120,000 subsidies per year,100 but there is a long waitlist of eligible children waiting to receive subsidies and children receiving subsidies make up only 13 percent of total licensed child care capacity in Texas. Eligible parents who are unable to receive subsidies must pay more than they can afford to for care, use informal care arrangements they may not prefer, or cannot work.

Child care programs should be able to receive the true cost of quality care for every child they serve. Raising tuition rates to match the true cost of quality care is not possible in the current system because most families cannot afford to pay any more in tuition than they are already paying, which in many instances (and specifically for younger children), is often below the true cost of care: A family of three with an annual income of \$61,686 (86 percent of SMI¹0¹) who pays the median market rate for center-based child care in Texas¹0² spends between 12 and 15 percent of its annual income on child care, depending on the age of the child. If child care programs charged the true cost of quality care, this same family of three would have to pay up to 34 percent of its income to place the child in a Four-Star-certified center.

Without expanding the number of subsidy slots provided and expanding subsidy eligibility to families with higher incomes, child care programs that primarily serve families above 85 percent of SMI will remain unable to raise their tuition, but they also will not benefit from the higher CCS reimbursement rates. Middle-class families may be priced out of care if child care programs must choose between raising their rates, continuing to lose money, or primarily accepting subsidies. Rather than keeping the reimbursement rate for CCS artificially low, however, Texas should re-evaluate who needs help affording child care.

Expanding access to subsidies would support the Texas economy in multiple ways. Raising the proportion of slots for which child care programs are paid the true cost of quality care would increase child care program margins and allow child care programs to raise wages for their staff, lifting early childhood educators out of poverty and decreasing reliance on public assistance programs (such as SNAP or CHIP), without relying on permanent wage supplements or retention bonuses.

Increasing access to child care subsidies would also enable parents, especially mothers, to join the Texas workforce with the potential to lift their own families out of poverty. Additionally, as child care becomes a more profitable business, the market is expected to respond accordingly and child care capacity across the state should increase, making it easier for employed parents to find high-quality care for their children.

Recommendation #2 Strategies:

2.1 TWC sets reimbursement rates for child care subsidies based on the true cost of quality care instead of current market prices for all current CCS slots. To ensure child care programs and early childhood educators are paid fairly for the care they provide, the Workgroup recommends that Texas use a cost estimation model to determine the true cost of quality care for Texas, and that the state sets CCS reimbursement rates at the true cost of quality care. Rather than updating rates based on the market rate survey, rate updates should reflect annual updates to the Texas child care cost estimation model that identifies the true cost of quality care.

To ensure success of this strategy, the following changes should happen in parallel with changes to reimbursement rates:

(1) Texas increases funding for child care to fund the current number of CCS slots at the true cost of quality care: raising reimbursement rates without increasing the amount of money Texas contributes to the child care subsidy program would result in fewer children being served.

In 2021, TWC budgeted for a daily average of 105,000 child care subsidies for a total budgeted cost of \$871 million of state and federal dollars.

Funding that same number of subsidies and reimbursing at the true cost of care would cost \$1.23 billion. Starting in Board Contract Year 2023,

TWC plans to serve approximately 140,000 children per day through CCS. The total cost to reimburse all 140,000 slots at the true cost of quality care would be \$1.64 billion per year (see Appendix E for calculation details). This annual cost could be paid for with a combination of state and federal funds.

(2) TWC allows reimbursement for subsidies to be higher than private tuition: TWC's child care rule §809.21 (a) prohibits Workforce Boards from reimbursing a CCS slot at a higher rate than the child care program charges for private tuition. TWC should revise this rule. If not, child care programs will not benefit from higher reimbursement rates because they are unable to raise their tuition at the risk of losing private pay families. Other states who reimburse at or near the true cost of care allow state reimbursements to be higher than private pay (e.g., New Mexico, 107 Louisiana, 108 Washington 109), and Texas should follow suit. If Texas expands subsidy eligibility, as discussed in strategy 2.3, this rule could eventually be phased out.

As described in Chapter 8, the Prenatal-to-3 Policy Impact Center developed its own true cost of quality care calculator for center-based care in Texas, using the CAP model¹¹⁰ as a guide. Based on feedback from the Workgroup, the calculator includes early childhood educator wages that reflect parity with K-12 public school teachers (\$15 – 19.42/hour), educator benefits, and expected child-to-early childhood educator ratios based on Texas Rising Star star-level.

To ensure that true cost of quality care reimbursement rates are accurate for all child care program types in all areas of Texas, TWC should expand on the calculator by developing (1) regional estimates that reflect the variation in cost of living across Workforce Regions and (2) estimates for home-based care that reflect the high prevalence of mixed-age classrooms that often keep child-to-early childhood educator ratios low and costs high.

True cost of quality care estimates reflect a significant increase over current reimbursement rates (Table 9), particularly for infants and toddlers, because they adequately compensate child care programs for staff wages and benefits, for material costs to providing high-quality care, and for the costs of space and other expenses. The model estimates monthly costs to child care programs ranging from \$867 per month for a school age child in a Two-Star center to \$1761 per month for an infant in a Four-Star center. Comparing the true cost of quality care to the current statewide average reimbursement rates suggests that current rates underpay child care programs by up to \$860 per month, depending on the age of the child and level of care.

From the state's perspective, these costs would reflect a combination of state subsidy reimbursement and parent share of cost (copay). The Workgroup and federal guidance¹¹² agree that for child care to be affordable to currently eligible families, copays should be capped at seven percent of income for families earning at or below 85 percent of SMI.

Table 9: Current and Projected (based on True Cost of Quality Care) Daily Child Care CCS Reimbursement Rates for Center-Based Care (statewide averages)

	Current Reimbursement Rate for Two-Star Center	True Cost of Quality Care, Reimbursement Rate for Two-Star Center	Current Reimbursement rate for Four-Star Center	True Cost of Quality Care, Reimbursement Rate for Four-Star Center
Infants	\$36.62	\$62.82	\$40.94	\$80.05
Toddlers	\$34.37	\$50.05	\$36.82	\$70.55
Preschool	\$32.69	\$41.95	\$34.15	\$51.55
School Age	\$31.61	\$39.41	\$32.89	\$47.45

Note: Daily rates in the table above reflect the total payment to the child care program, which is made up of a combination of CCS reimbursement and parent share of cost.

2.2 Texas expands access to child care subsidies to fund subsidies for all currently eligible children, up to 85 percent of SMI. To raise the proportion of child care slots that are paid at the true cost of quality care, and to provide equitable access to high-quality child care for low-income families, the Workgroup recommends that Texas fund subsidies for all currently eligible children (those who live in families with incomes at or below 85 percent of SMI) with a copayment schedule that caps parent contribution at seven percent of family income.

Increased access to child care subsidies can be phased in over time. An estimated 67 percent of eligible children under the age of six, and 10 percent of children between the ages of six and 13 would access subsidies if they were available. The total cost for funding subsidies for all eligible and interested families would be \$6.47 billion. In 2021, Texas put a combined \$871 million of state and federal funding towards the child care subsidies program, meaning if Texas funded subsidies for all eligible and interested families it would cost an additional **\$5.60 billion per year** (see Appendix E for calculation details). A small fraction of this annual cost could be paid for with anticipated increases to the federal CCDF block grant.

2.3 Texas expands eligibility up to 150 percent of SMI, with a copay schedule that caps family contribution to child care at 10 percent for families above 85 percent of SMI. To support a sustainable child care system in Texas in which early childhood educators earn a fair wage, child care programs can keep their businesses open, and families have equitable access to high-quality care for their children, the Workgroup recommends that Texas increases CCS eligibility to 150 percent of SMI, with a copay schedule that caps parent contribution to child care for two children at 10 percent of family income for families above 85 percent of SMI (Table 10). Families with a single child would pay closer to seven percent of their income toward child care. Expanding CCS eligibility to 150 percent of SMI would mean a family of three that earns less than \$107,598 per year would be eligible for CCS.

Eligibility for child care subsidies will phase out at 150 percent of SMI because beyond that income threshold, the vast majority of families would be able to pay for child care without assistance from the state.

Table 10: Example of Monthly Costs for Toddler Care at a Four-Star Center for a Family of Three Across Different Income Levels

Family Income	SMI	Monthly Amount Paid to Child Care Program	Monthly Parent Share of Cost	Monthly Cost to Texas
\$53,799	75%	\$1,552	\$259	\$1293
\$61,689	86%	\$1,552	\$418	\$1134
\$86,078	120%	\$1,552	\$586	\$966
\$107,598	150%	\$1,552	\$693	\$859

Note: 86% of SMI is the income of families who are currently ineligible for CCS

By expanding subsidy eligibility to 150 percent of SMI with a copay schedule that caps family contribution to child care at 10 percent of income for families above 85 percent of SMI, all children and families would have access to high-quality care. The total cost of subsidy expansion would be \$9.59 billion per year. In 2021, Texas put a combined \$871 million of state and federal funding towards the child care subsidies program, meaning that subsidy expansion would cost an additional **\$8.71 billion per year** (see Appendix E for calculation details). A small fraction of this annual cost could be paid for with anticipated increases to the federal CCDF block grant.

Major Recommendation #3

Develop and use a competency framework to monitor, evaluate, support, and reward a high-quality child care workforce

Strategies

- 3.1 TWC develops a package of competencies representing the minimum set of skills that all early childhood educators should be able to demonstrate
- 3.2 TWC works in partnership with TECPDS to develop a system for assessing, building, and tracking competencies
- 3.3 TECPDS connects child care programs and early childhood educators to professional development opportunities that align with missing or in-progress competencies
- 3.4 TECPDS integrates the demonstration of competencies into the TECPDS Career Pathway and early childhood educator progress is rewarded with pay increases

Background

The problem

High-quality child care promotes healthy child development in the immediate and long term, and high-quality child care requires high-quality early childhood educators. ¹¹⁴ Currently, Texas requires only a high school diploma and 24-hours of pre-service training to work as an early childhood educator – meaning Texas has one of the lowest thresholds for entry into the child care field in the country. ¹¹⁵ Early childhood educators are required to complete only eight of these training hours before they can be given responsibility over a group of children, and the remaining 16 hours may be completed within the first 90 days of employment. ¹¹⁶

High-quality child care requires early childhood educators to possess the knowledge and skills to provide safe, nurturing, and responsive care to children. The Workgroup finds that the low level of required pre-service training is insufficient to ensure that high-quality child care is provided to children across the state. The variability in early childhood educator quality resulting from low pre-service training requirements is particularly problematic because there is no standardized way of assessing early childhood educator skills or competencies.

According to the Texas Director Survey, just over 40 percent of center-based early childhood educators and a third of home-based early childhood educators have only a high

school diploma or equivalent, and the majority of early childhood educators do not have any specialized certification or degree in child development, early childhood education, or a related field (60%). The Workgroup agrees that raising qualifications for early childhood educators may improve the field in the long-term, but given the current challenges to hiring and retaining early childhood educators, it is necessary to first focus on building, evaluating, and recognizing quality in the existing workforce.

A competency framework

Texas has identified a set of core competencies composed of concepts, skills, and abilities that early childhood educators should understand and be able to demonstrate. The Workgroup recommends that these competencies form the foundation of how Texas evaluates, trains, and rewards early childhood educators to develop a high-quality workforce.

The Texas Core Competencies are comprehensive, and gaining expertise in all areas would take most early childhood educators many years to achieve. The Workgroup agrees that, particularly in the short-term, educators need pathways to reach advanced levels of competency and opportunities for career advancement that do not exclusively rely on higher education. Instead, recognizing which competencies early childhood educators should have at different levels in their career is a way to facilitate quality in the field, especially while the child care industry stabilizes.

The Workgroup agrees that additional educational requirements for early childhood educators may strengthen child care quality once the industry is stable and the Workgroup is in favor of developing a long-term plan to raise the education level of the field.

In Chapter 10, the recommendations include concrete actions Texas can take to raise the quality of individual members of the child care workforce, but raising the quality of the workforce as a whole requires an innovative approach. Embracing a competency-based system provides the framework to raise the quality of child care provided in Texas in an equitable way by recognizing existing quality, supporting early childhood educators who are not yet providing quality care to improve, and fairly compensating all early childhood educators with wages commensurate with their skill-level.

Recommendation #3 Strategies

3.1 TWC develops a package of competencies representing the minimum set of skills that all early childhood educators should be able to demonstrate. The Workgroup recommends that TWC assemble a group of experts in child development who will identify a subset of the Texas Core Competencies that are necessary for the provision of safe, stimulating, and nurturing care for children. TWC should then develop a process to ensure that all early childhood educators demonstrate proficiency across this package of skills prior to serving as a lead teacher. In the short-term, this could

be a requirement for Texas Rising Star certification, but in the long-term it could be a child care regulation requirement that is verified during inspections.

3.2 TWC works in partnership with TECPDS to develop a system for assessing, building, and tracking competencies. Building on a program developed to track competencies for Registered Trainers, 118 TECPDs should create an online pathway for early childhood educators to progress through competencies. Early childhood educators would receive clear guidance on what trainings they are expected to complete and receive badges or other micro-credentials along their way towards competency.

TWC should, in collaboration with CLI or another partner with appropriate expertise, develop formative assessments to evaluate specific competencies that would allow early childhood educators to receive targeted feedback about developing skills. TWC should develop a plan for assessment of competencies, which could take place via review of uploaded videos on TECPDS or in-person site visits.

- 3.3 <u>TECPDS connects child care programs and early childhood educators to professional</u> development opportunities that align with missing or in-progress competencies. To keep early childhood educators moving towards quality, the Workgroup recommends that the results of formative assessments are used to link early childhood educators to targeted training and professional development, including higher education programs relevant to early childhood education. TECPDS should direct early childhood educators to professional development opportunities that align with missing or in-progress competencies to allow for targeted progression of skills.
- 3.4 TECPDS integrates the demonstration of competencies into the TECPDS Career Pathway and early childhood educator progress is rewarded with pay increases. The Career Pathway managed by TECPDS works as a career ladder that allows early childhood educators to move up levels based on education level and years of experience. TECPDS should integrate demonstrated competencies into the Career Pathway, allowing early childhood educators to move up levels by demonstrating their skill as an early childhood educator, rather than through higher education or years of experience alone. Early childhood educators should move up the pay scale (see Chapter 8) as they move up the Career Pathway.

Chapter 10: Recommendations to Support Workforce Quality

Recommendations

- 4. Increase the number of high school graduates working as high-quality early childhood educators and create pathways to link high school students to the early childhood education field
- 5. Allow each step along the educational pathway for early childhood educators to apply to the next step
- 6. Increase awareness of and access to existing resources for high-quality professional development for all early childhood educators
- 7. Align Workforce Boards on best practices for how to support child care programs and early childhood educators
- 8. Expand access to health insurance benefits for early childhood educators
- 9. Ensure that TECPDS is useful to child care programs and early childhood educators and require the ECE workforce to use it

Background

The recommendations in Chapter 9 reflect system-wide changes that, when implemented, will transform the child care system of Texas. Although large-scale structural change is necessary for creating a sustainable and high-quality child care system, many targeted actions can improve the child care workforce, and thereby the entire industry for child care programs, early childhood educators, and the children and families they serve.

The following section includes a set of recommendations and strategies that support both short- and long-term improvements to the quality of the child care workforce. These recommendations support the vision of the recommendations in Chapter 9, and provide many of the details for how to raise workforce quality as Texas moves towards having the stable child care system and high-quality workforce described in Chapter 9. The following recommendations reflect actions that can be taken by TWC, Workforce Boards, other state agencies, or Texas legislators to: (1) Raise the quality of the child care workforce, (2) support and sustain the workforce, (3) and increase the use of TECPDS.

Each recommendation in this chapter includes a set of strategies which can be implemented together or separately, to support short- and long-term workforce quality in Texas.

To raise the quality of the workforce: Increase the number of high school graduates working as high-quality early childhood educators and create pathways to link high school students to the early childhood education field

Strategies

- 4.1 Texas expands access to the CDA in high schools
- 4.2 Workforce Boards support partnerships between high schools and Threeand Four-Star child care programs to enable students to complete their required CDA hours
- 4.3 TEA standardizes instructional quality for the CDA within the Career and Technical Education program
- 4.4 Workforce Boards compensate Texas Registered Trainers to act as Professional Development (PD) Specialists who can complete the CDA Verification Visit
- 4.5 TWC modifies the Professional Development Scholarship Program (currently supporting T.E.A.C.H.) eligibility requirements to ensure high school students qualify for scholarships in all Workforce Regions

Background

The Child Development Associate's credential (CDA) is an industry-recognized credential that requires coursework in child development, in-classroom experience, and an assessment of demonstrated skills. ¹²⁰ As of 2020, ten states require center-based early childhood educators to hold a CDA to be a lead teacher, ¹²¹ and the Texas Rising Star program, which assesses child care quality, acknowledges child care programs that have a high percentage of early childhood educators who hold a CDA. ¹²² The Workgroup recommends the CDA as a way to train and prepare high-quality early childhood educators, and this credential is already offered in some Texas high schools as part of Career and Technical Education (CTE).

The problem

Despite the potential for high school CDA programs to bring a large number of high-quality early childhood educators into the child care field, key barriers keep enrollment in high school CDA programs low and keep completion rates even lower. School districts (ISDs) consider expected compensation when selecting which programs to offer as part of their CTE education¹²³ and students use compensation information to choose a career pathway.

Increasing early childhood educator compensation is a vital step to attracting talented and passionate students and to compel schools to offer the CDA.

To receive the CDA credential, students must meet all their required hours for in-class education and professional work experience, they must pass the CDA exam, and they must pass a Verification Visit, which includes in-person observation of skills by a Professional Development (PD) specialist.¹²⁴ According to the Workgroup, students face barriers at every step along this path including:

- Lack of access to child care programs prevent students from completing their professional work experience
- Lack of PD specialists prevent students from completing their Verification Visit
- Lack of scholarship options to cover the \$425 CDA exam cost makes the credential unaffordable for many students

The strategies in this section focus on increasing access to the CDA for high school students and eliminating barriers that prevent students from finishing high school with their CDA.

Recommendation #4 Strategies:

- 4.1 Texas expands access to the CDA in high schools. The Workgroup recommends TWC collaborate with the Inter Agency Deputy Director, who works across four state agencies that work in early childhood education, including both TWC and TEA, to facilitate the implementation and expansion of CDA programs across Texas high schools. The Workgroup recommends prioritizing offering the CDA within rural school districts. To maximize access to the CDA across the state, the Workgroup also recommends offering the CDA through the Texas Virtual School.
- 4.2 Workforce Boards support partnerships between high schools and Three- and Four-Star child care programs to enable students to complete their required CDA hours.

 The Workgroup recommends that Workforce Boards facilitate partnerships with Three- and Four-Star child care programs to pair with high school students and compensate the child care program for the additional work of training students with an enhanced CCS reimbursement rate or with a small grant.

For each fiscal year, Three- and Four-Star child care programs could opt into the program and agree to take a certain number of paid students per year from high school CTE programs. The child care program would receive an enhanced reimbursement rate for any CCS slots they offer or would receive a small grant. Child care programs would bring students on as paid staff members, and would benefit from having an assistant or floating teacher who is motivated to become a high-quality experienced early childhood educator. Students would receive

- classroom training and experience in an environment that provides the best opportunity to learn quality teaching skills.
- 4.3 TEA standardizes instructional quality for the CDA within the CTE program. Across existing CDA programs in high schools, teachers providing classroom CDA instructions do not always have experience in early childhood. To increase the quality of new early childhood educators, the Workgroup recommends that TEA standardizes the instructional quality for the CDA within CTE programs by encouraging programs to identify professionals with a background in child development (e.g., Texas Registered Trainers, directors of high-quality child care programs, skilled Texas Rising Star mentors) who might be able to teach for a few hours per week in a contract position. TEA should consider online options for teaching CDA coursework, which would allow experts to teach across ISDs.
- 4.4 Workforce Boards compensate Texas Registered Trainers to act as Professional

 Development (PD) Specialists who can complete the CDA Verification Visit. The CDA
 council pays PD specialists \$100 per visit, 125 but the Workgroup reports that this
 compensation is insufficient to cover the cost of time and travel causing a shortage
 in PD specialists. The Workgroup recommends that Workforce Boards partner with
 local Texas Registered Trainers and incentivize trainers to become PD specialists by
 supplementing their compensation. The amount of supplemental compensation
 required may vary by Workforce Region.
- 4.5 TWC modifies the Professional Development Scholarship program (currently supporting T.E.A.C.H.) eligibility requirements to ensure high school students qualify for scholarships in all Workforce Regions. The T.E.A.C.H. (Teacher Education and Compensation Helps) Scholarship Program offers scholarship opportunities to early childhood educators in Texas which can pay for associate's or bachelor's degree coursework, or for the cost of the CDA assessment. Scholarship eligibility requires applicants to have a high school diploma or equivalent and to be working at least 30 hours per week, which prohibits current high school students from applying. The Workgroup recommends that TWC modify eligibility requirements for the Professional Development Scholarship Program (currently supporting T.E.A.C.H.) to allow high school students who are completing CDA programming as part of CTE to use T.E.A.C.H. funds to cover the cost of their CDA assessment.

To raise the quality of the workforce: Allow each step along the educational pathway for early childhood educators to apply to the next step

Strategies

- 5.1 Higher Education Coordinating Board standardizes the number of college credits granted for a CDA
- 5.2 Texas incentivizes community colleges to develop an Associates of Arts and Teaching (AAT) degree in early childhood education
- 5.3 Texas mandates or incentivizes transfer of credits earned during an AAT degree to four-year state universities

Background

Early childhood educators commonly pursue higher education in phases, starting with non-degree certificates such as the CDA and taking breaks between degrees, making incremental progress along the way in their career (rather than, say, attending a four-year degree program for a bachelor's degree full time right after high school).

Developing stackable credentials, in which each step on the educational pathway is applied towards the next step, is an equitable way to raise the education level of early childhood educators, because it allows individuals to move incrementally along a career path without retaking classes or paying twice for the same education.

The problem

Currently, early childhood educators face barriers to stacking credentials at every level of education:

- Two- and four-year colleges may not offer credits for work done during the CDA
- Community colleges may not offer associate's degree programs in early childhood education that can be transferred into a four-year college or university
- Four-year colleges or universities will often not accept all of the credits earned during an associate's degree, even if the degree aligns with the institution's core coursework

Supporting early childhood educators to complete their education incrementally, through stackable (transferrable) credentials, will facilitate building a high-quality and stable early childhood workforce.

Recommendation #5 Strategies:

- Higher Education Coordinating Board standardizes the number of college credits granted for a CDA: There is currently no accepted standard for the number of college credits offered for completion of the CDA, and so early childhood educators trying to apply CDA coursework towards an associate's or bachelor's degree must rely on the discretion of the institution to determine the number of college credits they will receive (ranging from zero to 12 credits). The Workgroup recommends that the Higher Education Coordinating Board set the standard number of credits that institutions of higher education should award for a CDA to 12 credits.
- Texas incentivizes community colleges to develop an Associates of Arts and Teaching (AAT) degree in early childhood education. The Associates of Applied Sciences (AAS) in child development is a great option for early childhood educators who know they are not interested in a bachelor's degree, but for early childhood educators who may want to complete a four-year degree, the AAS often lacks transferability. To ensure that associate's degrees stack toward four-year degrees, the Workgroup recommends that Texas incentivizes community colleges to develop and offer AAT degrees in early childhood education in addition to AAS degrees. The AAT is a teaching degree rather than a vocational degree, and therefore shares core coursework with bachelor's degrees. This shared coursework means the AAT has higher math and reading requirements, and so early childhood educators who pursue the AAT may benefit from additional academic supports, but early childhood educators who complete their AAT should be able to transfer all their credits into a four-year institution without having to redo any of their prior coursework.
- 5.3 Texas mandates or incentivizes the transfer of credits earned during an AAT degree to four-year state universities. Ensuring that all public four-year colleges and universities in Texas accept the full balance of credits earned during the AAT and apply them towards the next level degree will enable more early childhood educators to continue their education. The Workgroup recommends that the state of Texas either mandate (e.g., through a requirement set by the Higher Education Coordinating Board) or incentivize (e.g., through additional funding for early childhood AAT students) four-year state universities to accept all credits for students who complete an early childhood education AAT degree.

To raise the quality of the workforce: Increase awareness of and access to existing resources for high-quality professional development for all early childhood educators

Strategies

- 6.1 TWC expands access to free professional development options for all early childhood educators
- TWC increases the visibility of professional development by creating lists of preferred high-quality resources, with a focus on identifying free resources
- 6.3 TWC directs state-funded providers of free professional development to create and offer trainings in both Spanish and other key languages
- 6.4 Workforce Boards offer small grants to child care programs, prioritizing home-based child care programs and small center-based child care programs that enable early childhood educators to be paid for time spent in professional development

Background

Early childhood educators in Texas must complete annual training requirements (professional development hours, or PD hours), ranging from 24 hours for an early childhood educator in a non-Texas Rising Star child care program. Texas Rising Star-certified child care program Risin

The problem

According to the Texas Director Survey, approximately 60 percent of child care centers provide most or all required PD hours for staff through in-house trainings (e.g., on days they close to children), and typically pay staff for the time spent in training. Approximately one in three child care center, though, have educators complete these trainings without pay, which can be an exceptional burden particularly given the low pay in the industry.

Smaller centers, non-Texas Rising Star centers, and child care centers in which staff are expected to complete professional development on their own are the *least likely* to pay staff for their professional development hours.

The Texas Director Survey also shows that only Texas Rising Star-certified child care programs know about some key training platforms in the state, despite open access to all. Across commonly used training resources:

- Almost all early childhood educators know about the AgriLife Extension Courses and TWC WorkSource Solutions;
- 70 percent or more know about TEA Monthly Webinars and Early Childhood Intervention
- Nearly all Texas Rising Star-certified child care programs know about **CLI Engage** and **TECPDS**, but 38 percent of non-Texas Rising Star child care programs do not.

The following strategies will close gaps in knowledge of and access to professional development opportunities to ensure all early childhood educators can continue to learn through high-quality training opportunities.

Recommendation #6 Strategies:

- 6.1 TWC expands access to free professional development options for all early childhood educators. At present, many free or low-cost professional development options are available or known only to Texas Rising Star participants or CCS programs, leaving a huge percentage of early childhood educators without easy access to professional development opportunities. Non-Texas Rising Star early childhood educators can access free training modules in CLI Engage, but many of the high-quality professional development options, such as online coaching in CLI Engage and free CDA courses are only available to early childhood educators who work at a Texas Rising Star child care program or other eligible programs (e.g., public schools, Head Start programs, and Texas School Ready participants). The Workgroup recommends that TWC require that all state-funded professional development resources including in-person or live-virtual professional development - be made available to all early childhood educators, regardless of Texas Rising Star status or participation in CCS. Starting October 1, 2022, all child care programs that offer CCS will be required to be part of Texas Rising Star. Therefore, more child care programs are expected to have access to these high-quality professional development resources as a result of that transition. Expanding access to the remaining non-Texas Rising Star child care programs will facilitate high-quality child care for all families.
- 6.2 TWC increases the visibility of professional development by creating lists of preferred high-quality resources, with a focus on identifying free resources. To close gaps in knowledge of high-quality professional development resources, the Workgroup recommends that TWC create a list of all preferred resources and share with all licensed child care programs through child care licensing distribution lists on a regular basis (e.g., quarterly), and ensure those resources are shared on TWC and child care licensing web pages clearly and prominently. TECPDS should also include

- a "free" filter to identify any training opportunities that are offered for free or funded by the state.
- 6.3 TWC directs state-funded providers of free professional development to create and offer trainings in both Spanish and other key languages. Spanish is the second most spoken language in Texas, by a wide margin, although many other languages are prevalent in specific regions of Texas, including Vietnamese. Child care programs would benefit from professional development offered in their primary language. To promote equity among traditionally marginalized populations, the Workgroup recommends that TWC directs Workforce Boards, TECPDS, and other state-funded providers of free professional development to offer an equitable proportion of high-quality professional development options in Spanish and other key languages within their Regions (e.g., Vietnamese).
- Workforce Boards offer small grants to child care programs, prioritizing home-based child care programs and small center-based child care programs, that enable early childhood educators to be paid for time spent in professional development. Home-based child care programs struggle to participate in professional development, often because they are unable to close and forgo a day of revenue to attend training or because they do not want to leave parents without care for the day. Small child care centers face similar issues with staffing and funding that can prevent early childhood educators from receiving paid professional development. Providing funding to Workforce Boards to award small grants to individual child care businesses; giving preference to home-based, small center-based, and rural child care programs; can offer small businesses the support needed to attend training, pay for a trainer, pay for a substitute teacher, or pay for an early childhood educator's training hours.

To support and sustain the workforce: Align Workforce Boards on best practices for how to support child care programs and early childhood educators

Strategies

- 7.1 Workforce Boards set early childhood educators as a priority group for receiving child care subsidies
- 7.2 TWC increases standardization between and across Workforce Boards for how to support quality child care
- 7.3 Workforce Boards create Child Care Committees to facilitate communication between Workforce Boards and the child care sector in all Workforce Regions
- 7.4 Workforce Boards establish early childhood education as a targeted occupation
- 7.5 Texas simplifies entrance into the field and enables Workforce Boards to background checks and fingerprinting
- 7.6 Workforce Boards increase the number of paid professional development days eligible for reimbursement for child care programs who accept CCS

Background

Workforce Boards are a powerful tool for supporting the child care industry within their Regions, and have considerable agency over which programs and practices they implement to support child care programs, early childhood educators, and families. TWC continues to standardize key practices related to the child care subsidy system across Workforce Regions: family eligibility for CCS is now set at 85 percent of SMI in every region, a consistent parent copay schedule will go into effect in 2023, and standard reimbursement practices (including setting reimbursement rates at the 75th percentile of the market rate and shifting to prospective payments) are underway; but Workforce Boards still vary widely in how they communicate with and support child care in their Regions.

The problem

The Workgroup reports that the lack of standardization across Workforce Boards prevents the child care system from working as effectively as it could in many Regions. Workforce Boards are uniquely positioned to support the recruitment, professional development, and onboarding of new members of the child care workforce, but in many Regions the child care industry has few opportunities to share their specific needs and concerns with their

Workforce Board, resulting in Boards that are ill-equipped to support the child care sector in their Region.

Building on TWC's important progress, the Workgroup provides recommendations for additional ways to standardize best practices across Workforce Regions to support the child care industry to raise the quality of care; recruit, retain, and onboard early childhood educators; and facilitate communication with the child care workforce in every Region.

Recommendation #7 Strategies:

- Morkforce Boards set early childhood educators as a priority group for receiving child care subsidies. All Workforce Regions maintain a waitlist for CCS to allow most families to be served in order of application, and to allow families who belong in certain priority groups to receive subsidies before families who do not. The first two levels of priority are consistent across the state of Texas, and prioritize a range of groups including children experiencing homelessness, children with disabilities, and children of parents on military deployment. According to the TWC Child Care Services Guide, section B-403 (Chapter 809 Subchapter C, rule §809.43), the Workforce Board sets the third level of priority for child care subsidies. To incentivize and enable new individuals to join the child care workforce, and indirectly raise compensation for early childhood educators (by reducing the amount of income spent on child care), the Workgroup recommends that early childhood educators receive priority designation for receiving child care subsidies.
- 7.2 TWC increases standardization between and across Workforce Boards for how to support quality child care. Based on feedback from the Workgroup, aligning Workforce Board practices for supporting child care programs to meet and retain quality would raise quality across the board. Industry practices that would benefit from standardization across Workforce Regions include: ensuring that caseloads for Workforce Board Texas Rising Star mentors are low enough that they can provide mentorship at the classroom level, setting a standard for how long the relationship between a Texas Rising Star mentor and a child care program should be, and recommending that the Workforce Boards post details about how they spend Child Care Quality money to the TWC website. The Workgroup recommends that TWC standardizes these practices across all Workforce Regions and incorporates local feedback to compile a full list of recommended standards.
- 7.3 Workforce Boards create Child Care Committees to facilitate communication between Workforce Boards and the child care sector in all Workforce Regions. To ensure that Workforce Boards are positioned to effectively support the child care industry in their Region, the Workgroup recommends that each Workforce Board creates a Child Care Committee, with representatives from rural and urban areas as well as

from center-based and home-based child care programs. The Child Care Committee should meet at least quarterly to discuss issues relevant to the child care sector, and a member of the Child Care Committee would report to Workforce Board meetings. A Child Care Committee would allow a diverse set of child care stakeholders to weigh in on issues that affect the child care industry, and to share their thoughts with the Workforce Board in a standardized way.

- 7.4 Workforce Boards establish early childhood education as a targeted occupation.
 - Workforce Boards create the list of targeted occupations in their region. Establishing an industry as a targeted occupation allows Workforce Innovation and Opportunity Act (WIOA) funds to be spent to pay for the cost of training, and to direct workers into high growth and high demand jobs. Early childhood education is certainly in demand, but low wages often prevent Workforce Boards from listing ECE as a targeted occupation in many Workforce Regions where the designation requires that jobs pay at least a self-sufficiency wage. The Workgroup recommends that, as the retention bonuses and subsidy reforms described in Chapter 9 roll out, TWC directs Workforce Boards to establish early childhood education as a targeted occupation in every Workforce Region.
- 7.5 Texas simplifies entrance into the field and enables Workforce Boards to support background checks and fingerprinting. The Workgroup reports that the lengthy and burdensome hiring process limits child care programs' ability to bring on new staff, and child care programs often lose applicants before they start because the fingerprinting and background check process can be long and time-consuming. Fingerprinting is a particular challenge, as fingerprinting locations are limited and it can be difficult to get an appointment. The Workgroup recommends that the Texas Department of Public Safety (DPS) work in collaboration with TWC and Child Care Regulation to identify ways for Workforce Boards to support fingerprinting and background checks. For example, with DPS support Workforce Boards could: develop portable background checks, provide a centralized location in each Workforce Region where new early childhood educators can complete their fingerprints for free, and/or provide detailed guidance on the fingerprinting and background check process for those who cannot travel to a centralized location. Additionally, Texas should fund early childhood educators to have fingerprinting and background check services completed at no cost to child care programs or early childhood educators.
- 7.6 Workforce Boards increase the number of paid professional development days eligible for reimbursement for child care programs who accept subsidies. Workforce Boards have the flexibility to determine the number of paid professional development days

that are eligible for reimbursement, up to a maximum of 15. The majority of Workforce Boards authorize up to 9 days to enable staff to participate in professional development and / or receive paid time off. The Workgroup recommends that TWC establish a consistent state standard to require that Workforce Boards increase this number to the maximum allowance of 15 paid holidays reimbursable to the child care program, to better enable providers to train their staff and allow early childhood educators to participate in professional development during paid work hours.

Recommendation #8

To support and sustain the workforce: Expand access to health insurance benefits for early childhood educators

Strategies

- 8.1 Texas expands Medicaid
- 8.2 Texas includes the cost of benefits in the true cost of quality care and funds subsidy expansion, enabling child care programs to pay for employee health insurance
- 8.3 Texas passes legislation to allow early childhood educators to buy into public school health insurance
- 8.4 Workforce Boards create and manage early childhood education health group cooperatives

Background

To provide high-quality, nurturing care to children, early childhood educators must be both mentally and physically well, and so they must have access to health insurance. Health insurance access can also play a role in building up the workforce: in the Texas Director Survey, 77 percent of directors indicate that a major challenge to hiring new staff was that wages and benefits were too low, and 66 percent of directors indicate that offering benefits to their employees would decrease turnover "a lot".

The problem

Access to health care is critical for maintaining physical and mental health, but according to the Texas Director Survey, fewer than one in three early childhood educators who are not affiliated with Head Start or public pre-K have access to health care benefits through their employers. Many child care programs cannot afford to provide health insurance to their employees because of low profits and thin margins. Even child care programs that

want to provide health insurance to their employees are often too small to receive affordable rates because the low number of employees within the buying pool means higher risk to insurers which keeps premiums high. In Texas, the poverty rate among early childhood educators is almost twice that of the total population, ¹³¹ but despite very low wages, early childhood educators earn too much to qualify for Medicaid in Texas. Because Texas has not expanded Medicaid, no childless adults are eligible for Medicaid, and parents must earn less than 17 percent of the federal poverty level to qualify. If the state expanded Medicaid, thousands of early childhood educators would qualify for the program, with the federal government paying 90 percent of the costs.

When asked on the Texas Director Survey what the most important thing Texas could do to support the child care industry was, one director said, "paid time off...Health insurance. These are all basic needs that we cannot afford. In most situations the very people, including myself, who are working hard every single day to support the community by caring for children are on subsidies themselves. We can't afford a vacation or even to go to the doctor or dentist. Never mind seeking mental healthcare. We're contracted with the state to help these families but the state does nothing for us."

It is critical that Texas explore options to expand access to health insurance to early childhood educators. Within this recommendation there are four strategies that the state of Texas should implement, together or separately, to increase access to insurance for early childhood educators.

Recommendation #8 Strategies:

- 8.1 Texas expands Medicaid. Expanding Medicaid is the single most effective action Texas could take to increase access to healthcare for the child care workforce. If full subsidy expansion occurs with reimbursement at the true cost of quality care (as described in Recommendation 2) early childhood educators should be lifted out of poverty, but in the meantime many early childhood educators would qualify for free health insurance via Medicaid. The federal government pays 90 percent of the costs for Medicaid expansion, meaning this is the only option Texas would not have to fully fund; in fact, expanding Medicaid would save the Texas budget an estimated \$704 million per year. The Workgroup recommends that the Texas legislators immediately expand Medicaid in Texas.
- 8.2 Texas includes the cost of benefits in the true cost of quality care and funds subsidy expansion, enabling child care programs to pay for employee health insurance. If Texas fully funds child care subsidy expansion up to 150 percent of SMI (as described in Recommendation 2) child care programs could offer employer-sponsored health insurance plans for their staff. The Workgroup recommends Texas build towards full subsidy expansion, allowing businesses to resolve this issue by

offering insurance. Given that subsidy expansion will take time and some child care programs will choose not to accept subsidies, the Workgroup recommends that Texas simultaneously implement other strategies listed here to ensure employers have options to support their staff.

- 8.3 Texas passes legislation to allow early childhood educators to buy into public school health insurance. Many public school teachers access health insurance benefits through the Teacher Retirement System of Texas (TRS-ActiveCare¹³⁴). The Workgroup recommends Texas legislators pass legislation allowing early childhood educators to buy into TRS-ActiveCare, providing health insurance at premiums that reflect a large buying pool without requiring the administrative burden of creating or maintaining new buying pools just for early childhood educators. Though allowing early childhood educators to access TRS-ActiveCare increases access to an option for health insurance, the high cost of premiums would still leave health insurance out of reach for most early childhood educators until wages increase through the strategies for subsidies and increased reimbursement described in Recommendation 2.
- Workforce Boards create and manage early childhood education health group cooperatives. The Workgroup reports that many child care programs cannot offer insurance to their employees, even if they would like to, because the cost of buying insurance for very small businesses is prohibitively expensive. Texas allows the formation of health group cooperatives, aligned with a certain industry, to generate larger buying pools and allow for lower premiums, 135 but the creation of these cooperatives is complex and the administrative burden is high. 136 In the absence of other alternatives, the Workgroup recommends that Workforce Boards create and support health group cooperatives for the early childhood education industry, and allow all members of the child care workforce in their Region to buy in. As in strategy 8.3, health group cooperatives may make it possible for some members of the child care workforce to access health insurance who currently have no insurance options, but the high costs of premiums would still leave health insurance out of reach for many early childhood educators.

To increase use of TECPDS: Ensure that TECPDS is useful to child care programs and early childhood educators and require the ECE workforce to use it

Strategies

- 9.1 TWC fully funds any needed enhancements to TECPDS based on results of the usability study
- 9.2 TWC funds a full-time employee in every Workforce Region to support TECPDS use
- 9.3 Texas aligns child care reporting systems
- 9.4 Texas makes TECPDS registration a requirement of Child Care Regulation

Background

Currently, detailed data on the Texas child care workforce is collected only from the child care programs and early childhood educators who participate in Texas' early childhood education workforce registry (the Texas Early Childhood Professional Development System, commonly referred to as TECPDS), but on the Texas Director Survey, less than half of directors report having a TECPDS account, and 21 percent have never even heard of TECPDS.

The problem

Workgroup members report that TECPDS can be complicated and confusing to use, and child care providers and early childhood educators with low technical literacy struggle to successfully sign up for or maintain accounts.

Providers in the Workgroup also report that child care programs must regularly access multiple separate data systems including Texas Rising Star quality rating and improvement system, and Texas Child Care Regulation (CCR), as well as optional reporting within the Availability Portal and TECPDS. Child care providers use different log-in credentials on different websites to report staffing changes, slot availability, and subsidy information at regular intervals, generating a high administrative burden. This disjointed reporting system is difficult for providers to manage and may further disincentivize child care providers from participating in the optional TECPDS workforce registry.

By investing resources into making TECPDS more usable and integrating more of the data reporting structures at the state level into the TECPDS system, Texas could collect more consistent information on both child care programs and early childhood educators, improving its ability to make responsive, data-driven decisions to support the child care workforce.

Recommendation #9 Strategies:

- 9.1 TWC fully funds any needed enhancements to TECPDS based on results of the usability study. A study on TECPDS usability received funding in the ninth tranche of COVID-19 Stimulus funded initiatives. To increase usability of TECPDS and reduce 'pain points' for both child care programs and early childhood educators, the Workgroup recommends that TWC fully fund any needed enhancements reported in this usability study.
- 9.2 TWC funds a full-time employee in every Workforce Region to support TECPDS

 use. To provide technological support for using TECPDS at the child care program level, the Workgroup recommends that TWC funds a full-time employee within each Workforce Region. TECPDS technical support must be accessible in Spanish and English in all Workforce Regions; additional language supports beyond English and Spanish may be necessary within certain Workforce Regions.
- 9.3 <u>Texas aligns child care reporting systems</u>. The Workgroup recommends that the state use TECPDS to align the complex and disconnected data entry systems (e.g., TWC CCS reporting systems and CCR) that child care programs use by implementing one or a combination of alignment options:
 - (1) Creating a *federated log-in* system that allows users to have a single login credential with a central landing page through which providers and early childhood educators could access each reporting system without reentering credentials
 - (2) Facilitating deeper integration of data systems, which would lower administrative burden, allow for centralized credentialing, and generate more robust and streamlined back-end reporting for end-users within Texas state agencies.

The Workgroup recommends that TWC establishes a working group composed of stakeholders within TECPDS, TWC, and other relevant state agencies to develop data sharing and use guidelines with the goal of integrating and aligning data reporting systems.

9.4 <u>Texas makes TECPDS registration a requirement of Child Care Regulation</u>. To increase the reach of TECPDS, streamline the workforce data reporting systems, and increase usability, the Workgroup recommends that Texas requires registration in TECPDS for directors as they apply or re-apply for a state child care license.

Chapter 11: Recommendations to Support Successful Implementation of Workgroup Recommendations

Background

Chapters 9 and 10 of the Workgroup recommendations include 35 strategies across nine recommendations that have the potential to stabilize the child care industry, raise the quality of the child care workforce, and ensure that the children and families of Texas have access to high-quality child care.

To successfully achieve the vision of a stable and high-quality child care system in Texas, the proposed recommendations and strategies need government buy-in, focused advocacy, and sustainable funding. Texas can have a child care system that supports both the economy and healthy child development, but it won't happen by accident: it will require intentional and sustained efforts from both local and state governments.

There are two major steps Texas can take to ensure the success of the Workgroup's vision:

- 1. Establish governance at state and local levels that is responsive to the needs of the child care industry
- 2. Secure sustainable funding for child care

Establish governance at state and local levels that is responsive to the needs of the child care industry

Strategies

- 10.1 Texas establishes a Department for Early Childhood Care and Education
- 10.2 Texas raises the number of representatives with child care expertise required to sit on Workforce Boards

Background

Child care is an industry that crosses boundaries: it's a business and a public good, it supports the workforce and it educates children. In Texas, this means that management of child care programs crosses state agencies: the Texas Workforce Commission manages the child care subsidy program and supports the business side of child care, Texas Health and Human Services is responsible for child care licensing and regulation, and the Texas Education Agency is responsible for public pre-K and assessment of kindergarten readiness.

The problem

The distributed nature of the system means that many of the decisions affecting child care programs are made by individuals or organizations who are balancing competing interests. The Workgroup members, particularly those who own or manage child care programs, report that these competing priorities result in slow progress, can mean that issues of critical importance to the child care industry are overlooked or misunderstood, and that even issues with broad consensus lack the advocacy needed to be implemented.

Even at the local Workforce Region level, the child care sector lacks a clear voice at the table: Government Code Title 10, Chapter 2308, Subchapter (a) states that "at least one of the members of a board appointed under subsection A must, in addition to the qualifications required for the member under that subsection, have expertise in child care or early childhood education;" Workforce Boards range in size from 25 to 55 members, ¹³⁸ but only require a single representative from the child care industry, leaving child care underrepresented in decision making on Workforce Boards. One director completing the survey said, "Let the child care centers have more of a voice when making new laws. It seems as if the people making the laws have never worked in a center or have not worked in one in the last few years."

Child care is the foundation of the workforce, and it deserves state and local governance that understands both its unique place in the market and its importance to child development.

Recommendation #10 Strategies:

- 10.1 Texas establishes a Department for Early Childhood Care and Education. A growing number of states, including Missouri, 139 New Mexico, 140 and Georgia, 141 centralize the decision making for child care within a single office or department, allowing for more focused advocacy, better alignment of priorities, and more efficient distribution of resources. The Workgroup recommends that Texas establish a Department for Early Childhood Care and Education that would enable sustained advocacy for issues related to early childhood care and education for children ages 0 to 5, and would be responsive to the needs of the field. This department would not need to be limited to the child care sector: many early childhood agencies or departments oversee all childhood programs, including Early Childhood Intervention and home visiting.
- 10.2 Texas raises the number of representatives with child care expertise required to sit on Workforce Boards. To ensure that the child care sector has a voice at each Workforce Board that is proportionate to their role in supporting the workforce, the Workgroup recommends that Government Code Title 10, Chapter 2308, Subchapter (a) is revised to require at least 10 percent of members to have child care expertise on every Workforce Board.

Secure sustainable funding for child care

Strategies

- 11.1 Texas passes a constitutional amendment to allow the Texas Permanent School Fund to support early childhood education
- 11.2 Texas legislators pass modest tax increases to a package of taxes and dedicate the increased revenue to child care
- 11.3 Texas allocates General Revenue funds towards child care

Background

The child care system in Texas is broken. Early childhood educators are leaving the field because they cannot afford to live on the wages they are being paid. Child care programs are struggling to stay in business and cannot afford to pay their early childhood educators higher wages, but they also cannot raise tuition because child care is already unaffordable for most families.

The problem

The recommendations proposed by the Workgroup have the potential to stabilize the child care industry, raise the quality of the child care workforce, and ensure all families in Texas have access to high-quality child care, but most of these solutions require additional state funding. Emergency funds (i.e., ARPA) from the federal government can temporarily support some of the measures discussed in these recommendations, but to build a system that will last, Texas must invest in early childhood education and identify sustainable sources of stable funding.

Other states are contributing to child care

The child care issues that Texas is facing are happening everywhere, and other states are finding creative ways to dedicate more state funding towards child care. New Mexico has a constitutional amendment on the ballot in November 2022 that would allow a portion of interest from the New Mexico Land Grant Permanent Fund to go towards funding early childhood education. Louisiana dedicates 25 percent of sports betting revenue toward their Early Childhood Education Fund. He Both California and Colorado dedicate part of their state's nicotine taxes towards early childhood education.

The cost of funding child care in Texas

The most expensive recommendation proposed by the Workgroup expands access to child care subsidies to all families who earn up to 150 percent of SMI and pays for those subsidies at the true cost of quality care. The total additional cost to implement this system-transforming recommendation would be \$8.71 billion per year.

Stabilizing child care and supporting the child care workforce in Texas is a good investment: the Texas economy lost an estimated \$9.39 billion in 2021 because families lack access to affordable and consistent child care. The Gross State Product (GSP) for Texas rose above \$2 trillion for 2021 and because of record-high tax revenue in the 2022 fiscal year, Texas will have an extra \$27 billion to spend in 2023. This revenue could be used to fund child care in Texas.

The early childhood education industry affects everyone: business owners who rely on parents to come into work, parents who need to work to support their families, and children who will grow up to be the workforce of the future. Included in this section are a set of options which could be used together or separately to fund child care in Texas. The Workgroup recommends that Texas legislators explore these options to identify long-term funding solutions to support the initiatives laid out in these recommendations.

Recommendation #11 Strategies

- 11.1 Texas passes a Constitutional amendment to allow the Texas Permanent School Fund to support early childhood education. A portion of interest and dividends earned on the Texas Permanent School Fund¹⁵² supports Texas Public Schools, but the endowment has grown so much that it can now afford to pay for early childhood education as well, without taking any money away from public schools and without detriment to the long-term health of the fund: as of August 31, 2021, the Fund had a balance of over \$55 billion, 153 and during fiscal year 2021 the Fund increased by \$8.9 billion even after its contributions to public schools. 154 The Workgroup recommends that Texas legislators move to amend the state constitution to allow the Texas Permanent School Fund to contribute to early childhood education in addition to continuing to fund public K-12 education.
- 11.2 <u>Texas legislators pass modest increases to a package of taxes and dedicate the increased revenue to child care</u>. Modest increases to a few select tax programs could pay for the child care proposals recommended by the Workgroup. The following section details a few key possibilities below that combined could pay for the full subsidy expansion up to 150 percent of SMI.

<u>Franchise Tax</u>. Businesses rely on child care. A stable child care system benefits businesses through higher employment rates, fewer employee absences, and lower workforce turnover.¹⁵⁵ Therefore businesses benefit by contributing to child care. Increasing both the retail and non-retail franchise tax rates to just over half of a percent¹⁵⁶ could yield annual tax revenue of **§3 billion** for child care.

<u>Motor Fuels Tax</u>. Texas has not raised its motor fuels tax since 1991, and has among the lowest gas taxes in the nation. ¹⁵⁷ An increase in motor fuels tax of only \$0.15/gallon could bring in almost **\$3 billion** per year for child care, while costing the average consumer less than \$10/month.

<u>Oil Production Tax</u>. The Oil Production Tax is a 4.6% tax on the market value of oil¹⁵⁸ that brought in \$6.45 billion in the 2022 fiscal year.¹⁵⁹ Raising oil production tax to only 6.6%, with the additional 2% earmarked for child care, could provide almost <u>\$3</u> <u>billion</u> for child care.

Total estimated new revenue annually from these three tax increases: **§9 billion**

11.3 <u>Texas allocates General Revenue funds towards child care.</u> Texas has a budget surplus. Record high tax revenues in the 2022 fiscal year brought in an additional \$27 billion for Texas, and some of that money could go to child care. Texas could commit to funding the child care recommendations within this plan by allocating General Revenue funds towards child care.

Chapter 12: Conclusion

The Texas child care system is in crisis

The majority of early childhood educators earn below a living wage, and lack access to benefits, but child care programs cannot afford to pay early childhood educators more without raising tuition for families, who are already paying more than they can afford. Difficulty hiring and retaining high-quality early childhood educators because of low wages and benefits limits child care capacity, leaving many parents without reliable access to affordable, high-quality child care.

A stable, high-quality child care system is good for Texas

The Texas economy relies on child care. Businesses cannot operate without employees, and parents need affordable, consistent child care so they can afford to work. High-quality, responsive, and nurturing child care also supports healthy brain development for the children of Texas.

Raising workforce quality requires raising workforce compensation

With the challenges child care programs face to hiring and retaining early childhood educators, the first step to raising workforce quality is raising workforce compensation. Raising compensation requires state investment: retention bonuses in the short-term, and subsidy expansion that pays child care programs at the true cost of quality care in the long-term.

Bold change is necessary to stabilize the child care system, but it will take time. While funding is secured and big changes are rolled out, there are many simple actions that TWC, Workforce Boards, TEA, and Texas legislators can take to support the current workforce, incentivize new early childhood educators to join the field, and raise the quality of the child care workforce.

Child care is a good investment

The instability and lack of affordability of the current child care market costs the Texas economy an estimated \$9.39 billion per year in costs to employers and lost tax revenue. 160 Investing in child care could have an even broader impact: increasing the compensation of early childhood educators can lift tens of thousands of early childhood educators out of poverty; Expanding access to child care subsidies can allow low-income parents, especially mothers, to join the workforce; Ensuring that all of the children of Texas have access to high-quality child care can set up the workforce of the future.

Texas should support the economy, the workforce, and the families of Texas, by investing in child care.

Appendix A: The Full 2022 Texas Child Care Director Survey

Welcome to the 2022 Child Care Director Survey!

Last year the Texas Legislature passed House Bill 619, which tasks the Texas Workforce Commission (TWC) with developing a strategic plan to support the child care workforce. TWC contracted with the Lyndon B. Johnson School of Public Affairs at The University of Texas at Austin and the Prenatal-to-3 Policy Impact Center led by Dr. Cynthia Osborne at Vanderbilt University to lead the strategic planning process to improve the quality of infant, toddler, preschool, and school-age child care by supporting the child care workforce.

You are invited to contribute to the Texas Child Care Workforce Strategic Plan! We are inviting child care directors like you to participate in a survey about your workforce. We are required by the Texas Legislature to collect specific data about the child care workforce, including their education level, income, and demographic characteristics.

This survey is intended for the director of the child care operation [OPERATION NAME] in [COUNTY] County.

Throughout this survey, we use the term "director" to include the center director or program director of a center-based child care operation <u>and</u> the director, owner, or operator of a home-based child care operation. We sampled directors for this survey from the Texas Child Care Licensing data.

If you are <u>not</u> the director of this operation, please do one of the following:

- 1. If you know the current director, pass this survey along to them by forwarding the email that contains the link to this page.
- 2. If you do not know the current director or cannot reach them, please email us at pn3.surveys@vanderbilt.edu to let us know you received this survey in error.

You will receive a \$50 Amazon gift card after completing the survey.

Please complete and submit the survey by June 30, 2022.

Instructions

As required by the Texas Legislature, we will ask for the following information about <u>each</u> <u>staff member at your operation</u> who works directly with children:

- Gender
- Race/Ethnicity
- Pay rate
- Typical number of hours worked per week
- Educational attainment
- Attainment of professional certifications related to child care / early childhood education

Please take your time completing the survey and review your records as needed to provide accurate information. You may leave and return to the survey as many times as needed using the unique link and/or QR code provided. Your answers will not be deleted if you leave and return to the survey.

The survey will take anywhere from 15 to 60 minutes to complete depending on how many teachers work at your organization. If you prefer to complete the survey by phone or using a spreadsheet rather than an online survey, please call us at 512–522–0477 or email us at pn3.surveys@vanderbilt.edu to set up an alternate administration process.

<u>Your participation is voluntary</u>, and your decision not to answer the survey will <u>not</u> impact your relationship with TWC, The University of Texas at Austin, or Vanderbilt University. When you take the survey, your responses will not be linked to your name in our report and will only be used together with the other directors' responses we receive.

Thank you for participating in the 2022 Child Care Director Survey!

This survey has three sections:

- Section 1 asks general questions about your child care operation and workforce
- Section 2 asks specific questions about you, the director
- Section 3 asks specific questions about individual teachers in your operation. If you are a home-based child care provider with no other staff members, you will skip section 3

Section 1: Child Care Operation Information

This section will ask general questions about **the child care operation** that you oversee. Please answer these questions based on what is true as of \underline{today} .

Throughout this survey, we use the term "director" to include the center director or program director of a center-based child care operation <u>and</u> the director, owner, or operator of a home-based child care operation.

•
General Operation Information
Question 1.1
Based on Texas Child Care Licensing data, our records indicate that your name is
[DIRECTOR NAME OR DIRECTOR NAME UNKNOWN] and you are the Director at
[OPERATION NAME]. Is this correct?
 Yes. My name is correct and I am the director at this operation → Skip to question 1.2 No. I am the director of this operation, but that is not my name → Skip to question 1.1 No. I am not the Director at this operation OR I am not the director anymore This operation is permanently closed → Go to end of survey
Question 1.1A
What is the name of the current director? If you do not know, please type "Unsure" as the
First Name.
First Name: Last Name:
Question 1.1B
What is the email address for the current director? If you do not know, please type "Unsure."
→ Go to end of survey
Question 1.1C
What is your name?
First Name: Last Name:
Question 1.2
What age of children does [OPERATION NAME] serve? Please select all that apply.
☐ Infants (age birth - 17 months)
☐ Toddlers (age 18 months - 35 months)
☐ Preschool (age 3 years - 4 years)
□ School age (age 5 years and older)
Question 1.3
Is your operation nationally accredited? Please select all that apply.
\square No
☐ Yes - NAEYC (National Association for the Education of Young Children)

☐ Yes- NAFCC (National Association for Family Child Care)	
☐ Yes – Something else:	
Question 1.4A	
The list below contains special types of child care operations. Please select whether your	
program is any of the following. Please select all that apply.	
My program is a Head Start or Early Head Start programMy program is a Public PreK program	
 □ My program is a Public PreK program □ My program <u>only</u> provides drop-in care 	
 My program only provides summer or school vacation care (e.g., summer camp, sprir 	200
break camps, etc.)	ıg
□ None of these are true for my program	
None of these are true for my program	
Question 1.4B	
Which of the following describe the times that you offer child care? Please select all that app	ply.
☐ We offer full-day care on weekdays	
□ We offer part-day care on weekdays	
□ We offer before and/or after school care on weekdays \rightarrow Skip to question 1.5	
☐ We offer care on weekends → Skip to question 1.5	
☐ We offer care overnight → Skip to question 1.5	
Question 1.4C	
Which of the following describes the number of weekdays that children enroll in care at	
your program? Please select all that apply.	
☐ Children enroll in 5 day per week care	
☐ Children enroll in 3 day per week care	
☐ Children enroll in 2 day per week care	
☐ Something else, please describe:	
Ouestion 1.5	
How many teachers/caregivers work at your operation as of today, NOT including	
yourself?	
Please include both full and part time staff. Also, include only teachers/caregivers, assistant	
teachers/caregivers and aides, teacher-directors, administrative directors, and other staff who work	
<u>directly with children</u> . Do not include bus drivers, cooks, or other staff who do not work directly with	
children.	

Section 1.2: Benefits and Pay

Please tell us about the compensation and benefits available to you and any staff at your operation.

Question 1.7

Which of the following benefits do \underline{you} have access to as a result of your job as a child care director?

	YES	NO
Health Insurance	0	0
Life Insurance	0	0
Dental Insurance	0	0
Vision Insurance	0	0
Flexible Spending Account (FSA)	0	0
Health Savings Account (HSA)	0	0
Paid Sick Leave	0	0
Paid Parental Leave	0	0
Paid Vacation/Holidays	0	0
Retirement Account (401k, etc.)	0	0
Discounted or Free Child Care	0	0
Slot(s)		
Complimentary Meals	0	0

Question 1.7A

Please describe any other benefits that you have access to not included above _____

If no other teachers/caregivers other than director work at the operation (question 1.5) \rightarrow Skip to question 1.10A

Question 1.8A

Which of the following benefits do <u>full-time and/or part-time teaching staff</u> have access to? Please select all that apply.

		Full-Time Teaching Staff		ne Teaching staff
	YES	NO	YES	NO
Health Insurance	0	0	0	0
Life Insurance	0	0	0	0
Dental Insurance	0	0	0	0
Vision Insurance	0	0	0	0
Flexible Spending Account (FSA)	0	0	0	0
Health Savings Account (HSA)	0	0	0	0
Paid Sick Leave	0	0	0	0
Paid Parental Leave	0	0	0	0
Paid Vacation/Holidays	0	0	0	0
Retirement Account (401k, etc.)	0	0	0	0
Discounted or free Child Care Slot(s)	0	0	0	0
Complimentary Meals	0	0	0	0

Question 1.8B

Please describe any other benefits offered to full-time teaching staff not included above

Question 1.8C

Please describe any other benefits offered to part-time teaching staff not included above.

Question 1.9

Are the <u>teachers</u> (not including yourself) at your operation paid an hourly wage or paid an annual salary?

- Hourly wage
- Annual salary

Question 1.10A

Does your operation currently offer a one-time signing bonus to newly-hired teachers?

- Yes
- No → Skip to question 1.10C
- Not applicable we are not currently hiring → Skip to question 1.10C

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Οu	COLL	OH.	1	٠. Т	v	ப

What is the typical amount of the one-time	signing bonus	offered to ne	ewly hired t	teachers?
\$			-	

Question 1.10C

Does your operation currently offer a longevity or retention bonus to teachers?

- Yes
- No → Skip to next section (Professional Development)
- Not applicable I have no other staff → Skip to next section (Professional Development)

O11	estion	1	.1	0	\mathbf{D}

How much is the longevity or retention bonus for teachers?	
\$	
Question 1.10E	
When do/did teachers receive this bonus?	
,	

If you direct a LICENCED CENTER \rightarrow Continue to Professional Development Section A

If you direct a LICENSED HOME OR REGISTERED HOME → Skip to Professional Development Section B

Section 1.3 Professional Development

Professional Development Section A

We would like to learn about the opportunities for professional development that are available in your area, learn which resources you prefer to use, and learn what additional resources could benefit you and any staff at your operation.

Question 1.11

How many teachers at your operation have Texas Early Childhood Professional Development System (TECPDS) Workforce Registry accounts?

- 76% to 100%
- 51% to 75%
- 26% to 50%
- 1 to 25%
- None, or 0%
- I don't know

Question 1.12

How many teachers at your operation have Children's Learning Institute (CLI) Engage accounts?

- 76% to 100%
- 51% to 75%
- 26% to 50%
- 1 to 25%
- None, or 0%
- I don't know

S1.4 We are interested in learning how staff at your operation obtain their professional development hours.

Question 1.13

Which of the following best describes **the primary way** that teaching staff at your operation obtain their professional development hours?

- Trainings are hosted by my operation (e.g., on a day that the children are not there or after hours)
- On their own (e.g., selecting online or in-person trainings and attending on a day off or after hours)

Question 1.14

Does your operation pay staff for the time they spend on professional development (i.e., count the training time as work hours)? Please select the option that is **most true** for your operation.

- We are <u>unable</u> to pay staff OR we <u>do not</u> pay staff for the time they spend obtaining any of their professional development hours
- We pay staff for <u>some</u>, <u>but not all</u> of the time they spend obtaining their <u>required</u> professional development hours
- We pay staff for <u>all</u> of the time they spend obtaining their <u>required</u> professional development hours <u>but do not</u> pay staff for any <u>additional</u> professional development hours
- We pay staff for <u>all</u> of the time they spend obtaining their <u>required</u> professional development <u>and</u> <u>additional</u> hours
- Something else, please describe:

Question 1.15A

We would like to know what topics of professional development are most relevant to you and/or your staff and what is available for you and your staff to access in your area (including what you can access online).

	a training	, would attending g on this topic be o you and/or your staff?	As of today, can you <u>access</u> professional development to	
	Yes	No	Yes	No
Child growth and development	0	0	0	0
Supporting children with special needs	0	0	0	0
Addressing challenging behaviors	0	0	0	0
Responsive interactions and guidance	0	0	0	0
Learning environments, planning framework, curriculum, and standards	0	0	0	0
Content pedagogy and instructional support (i.e., literacy, math, etc.)	0	0	0	0
Supporting student skill development	0	0	0	0
Observation and assessment	0	0	0	0
Diversity, equity, and inclusion	0	0	0	0
Supporting Dual/ Multiple Language Learners	0	0	0	0
Family and community relationships	0	0	0	0

Health, safety, and	0	0	0	0
nutrition				
Professionalism and	0	0	0	0
ethics				
Staff mental health and	0	0	0	0
wellbeing				
Business operations	0	0	0	0
(administration, HR,				
recruitment and				
marketing, etc.)				

If <u>access</u> to professional development topics is not an issue and "yes" is selected for all professional development topics under, "as of today, can you <u>access</u> this professional development topic?" (question 1.15A) \rightarrow Skip to question 1.16

Question 1.15B

What barrier(s) prevent(s) staff at your operation from accessing professional development on topics that would most benefit them? Select all that apply.

Cost
Time of trainings is not convenient. Convenient times would be:
Availability of trainers
Availability of technology resources
Lack of administrator support
Lack of access to substitute teachers
Location of trainings. Convenient location would be:
Online training is not available
Level of training content does not match experience level
Personal barriers, such as lack of child care for own children, lack of transportation, etc.
Trainings not available in primary language of staff. Languages we need:
Something else, please describe:
None

Question 1.16

Overall, teachers at my operation can access high-quality professional development opportunities to continue developing their skills as an early childhood educator.

- Strongly Agree
- Agree
- Disagree
- Strongly Disagree
- → Skip to question 1.18A

Professional Development Section B

We would like to learn about the opportunities for professional development that are available in your area, learn which resources you prefer to use, and learn what additional resources could benefit you.

Question Q1.17A

We would like to know what topics of professional development are most relevant to you and what is available for you to access in your area (including what you can access online).

	As of today, w	ould attending	As of today, can you access this			
	a training or	n this topic be	professional development topic			
	<u>beneficia</u>	al to you?				
	Yes	No	Yes	No		
Child growth and	0	0	0	0		
development						
Supporting children	0	0	0	0		
with special needs						
Addressing challenging	0	0	0	0		
behaviors						
Responsive	0	0	0	0		
interactions and						
guidance						
Learning	0	0	0	0		
environments,						
planning framework,						
curriculum, and						
standards						
Content pedagogy and	0	0	0	0		
instructional support						
(i.e., literacy, math,						
etc.)						
Supporting student	0	0	0	0		
skill development						
Observation and	0	0	0	0		
assessment						
Diversity, equity, and	0	0	0	0		
inclusion						

Supporting Dual/	0	0	0	0
Multiple Language				
Learners				
Family and community	0	0	0	0
relationships				
Health, safety, and	0	0	0	0
nutrition				
Professionalism and	0	0	0	0
ethics				
Staff mental health and	0	0	0	0
wellbeing				
Business operations	0	0	0	0
(administration, HR,				
recruitment and				
marketing, etc.)				

If <u>access</u> to professional development topics is not an issue and "yes" is selected for all professional development topics under, "as of today, can you <u>access</u> this professional development topic?" (question 1.17A) \rightarrow Skip to question 1.17C

Question 1.17B

What barrier(s) prevent(s) you from accessing professional development on topics that would most benefit you? Select all that apply.

Cost
Time of trainings is not convenient. Convenient times would be:
Availability of trainers
Availability of technology recourses
Lack of administrator support
Lack of access to substitute teachers
Location of trainings. Convenient location would be:
Online training is not available
Level of training content does not match experience level
Trainings not available in primary language of staff. Languages we need:
Personal barriers, such as lack of child care for own children, lack of transportation, etc.
Something else, please describe:
None

Question 1.17C

Overall, I can access high-quality professional development opportunities to continue developing my skills as an early childhood educator.

Strongly Agree

- Agree
- Disagree
- Strongly Disagree

Question 1.18A

Please mark how familiar you are with the following tools to search for and schedule professional development opportunities.

	I have never heard of this resource	I have heard of this resource, but I have never used it	I have heard of this resource, but I cannot access them	I have used this resource
AgriLife Extension Courses	0	0	0	0
Children's Learning Institute	0	0	0	
(CLI) Engage				0
Early Childhood Intervention	0	0	0	0
(ECI) Online				
Regional Education Service	0	0	0	0
Centers				
TECPDS Training Registry	0	0	0	0
Texas Education Agency (TEA)	0	0	0	0
Monthly Webinars				
Texas Workforce Commission (TWC) / WorkSource	0	0	0	0

Question 1.18B

What other types of professional development opportunities do you wish you could access? Please include both your desired topic(s) and training format(s).

Section 1.6 Workforce Pay & Turnover

We would like to learn about your experiences and opinions on workforce topics, such as compensation and hiring, in the child care industry.

Question 1.19

In your opinion, what would be the ideal starting **hourly wage** to pay a full-time child care lead teacher to pay them fairly for their work (Use decimal points if needed)

Question 1.20
If you provide

If you	provided this wage to your staff, what would the impact on your operation be? Please select all
that a	pply.
	Full-time, lead teachers already make this wage, or more, at my operation
	We could not afford to stay in business
	We would have to raise tuition
	Workers would stay longer / turnover would decrease
	We would attract higher quality staff
	We would have to cut or reduce benefits for staff
	We would have to reduce compensation for non-caregiving staff
	We would have to accept fewer families who pay through subsidies
	We would have to cut back on extra training or professional development opportunities
	Something else, please describe:
Quest	ion 1.21
When	you need to <u>hire additional caregiving staff</u> , which of the following are <u>major</u>
<u>challe</u>	nges you face in the current market? Select all that apply.
	People do not want to work in child care
	Wages are too low to attract quality staff
	Other job opportunities pay more than we can
	We cannot find qualified candidates
	Something else, please describe:
	We do not face any major challenges to hiring
	Not applicable; we do not need to hire additional caregiving staff

Question 1.22A

To what extent would the following factors help to reduce turnover of high-quality teachers at child care operations in your area?

	A lot	Somewhat	A little	Not at all
Increasing pay, as needed, to ensure teachers make a	0	0	0	0
living wage (e.g., \$15 per hour depending on the area)				
Offering more benefits, such as health insurance	0	0	0	0
Offering more paid time off (i.e., paid vacation or sick	0	0	0	0
days)				
Decreasing the staff to child ratio (i.e., more teachers)	0	0	0	0
Increasing the amount of time teachers have for planning	0	0	0	0
Increasing the number of breaks a teacher can take during	0	0	0	0
the day				
Increasing opportunities for free or low-cost continuing	0	0	0	0
education				
Providing more career advancement opportunities	0	0	0	0

Question 1.22B

Please describe any other factors you believe could help reduce turnover of high-quality
teachers at child care operations in your area not included above

Question 1.23

In one sentence	, what do you see	as the biggest	challenge of	currently	facing your
operation?		_		•	

Question 1.24

What is the	e <u>most impor</u>	<u>tant</u> thing that	Texas could	do to improv	e the child	care system in
the state? _						

Section 2: Director Information

In this section, we ask you to provide information about **yourself** as the operation **director**.

Director Demographic Characteristics

Question 2.1

Do yo	ou consider yourself to be one or more of the following? Select all that apply.
	Native American or Alaska Native
	Arab or Middle Eastern
	Asian
	Black or African American
	Hispanic, Latina/o/x, or Spanish origin
	Native Hawaiian or Other Pacific Islander
	White
	Other (please specify):

Question 2.2

With what gender do you identify?

- Woman
- Man
- Nonbinary
- Something else: _____
- Prefer not to disclose

Director Education & Experience

Question 2.3

What is the highest level of education that you have completed?

- Less than a high school diploma or equivalent → Skip to question 2.5
- High school diploma or equivalent (GED) → Skip to question 2.5
- Some college, but no degree → Skip to question 2.5
- Specialized Trade Certification or Vocational Degree, such as a Child Development Associate's (CDA) credential → Skip to question 2.5
- Associate's degree
- Bachelor's degree (BA, BS, AB, etc.)
- Master's degree
- Doctoral degree

Question 2.4

Does your degree pertain to child development or early childhood education, or a related field? Related fields include degrees such as nursing, psychology, elementary education, social work, speech pathology, or special education.

- Yes
- No

Question 2.5

We want to learn about the additional early childhood education credentials you have. Please select all of the credentials, certificates, or certifications you have, if any. ⁴

Child and Youth Care (CYC) Certification
Child Care Director's Credential
Child Care Health Consultant (CCHC)
Child Care Professional (CCP)
Child Development Associate (CDA)
CIRCLE Foundation Training - I&T
CIRCLE Foundation Training - PreK
EC Technical Certificate
Family Life Educator Certification (CFLE)
Infant-Toddler Specialist (ITSN) Certification
Montessori Credential
Program for Infant/Toddler Care (PITC) Certification
State Teacher Certification
First3Years Infant Mental Health Endorsement
Texas Certification - Art
Texas Certification - Bilingual Education
Texas Certification - Computer Science and Technology Applications
Texas Certification - Core Subjects
Texas Certification - Counselor
Texas Certification - Educational Diagnostician
Texas Certification - English Language Arts and Reading
Texas Certification - English as a Second Language
Texas Certification - Generalist
Texas Certification - Gifted and Talented
Texas Certification - Health
Something else, please describe:
None of the above

Question 2.6

Do you speak more than one language to interact with children in the classroom(s) and/or communicate with parents?

- Yes, I speak two languages
- Yes, I speak more than two languages

• No, I speak one language

Question 2.7 How long have you worked as the director? Years Months
Question 2.8 How many total years of early childhood education / child care experience do you have? Years
Director Compensation and Work Hours
Question 2.9 In a typical week, approximately_how many hours do you work? hours per week
Question 2.10
Are you paid an hourly wage or paid an annual salary? • Hourly Wage
• Annual Salary → Skip to question 2.12
Question 2.11
What is your hourly rate?
\$
Question 2.12
What is your annual salary?

Director Online Professional Development Accounts

Question 2.13

\$ _____

Do you have a Texas Workforce Registry Account with Texas Early Childhood Professional Development System (TECPDS) in which you are listed as director and staff can link their account to your operation/center?

- Yes → Skip to question 2.15
- No
- I have a Texas Workforce Registry Account, but I have not applied to be the director on my account → Skip to question 2.15
- I am not sure → Skip to question 2.15

Question 2.14

What are the reason(s) why you do not have a TECPDS Workforce Registry Account?

Question 2.15

Do you have a Children's Learning Institute (CLI) Engage account?

- Yes
- No
- I am not sure

If no other teachers/caregivers other than director work at the operation (question 1.5) \rightarrow Skip all of Section 3 and **go to end of survey**

Section 3: Teacher Information

As required by HB 619, this section will ask you to provide information on **each individual teacher** at your operation.

[Fill out Section 3 for each teacher reported in question 1.5]

Teacher Demographic Characteristics

We ask for the name of each staff member at your operation to allow you to easily track which staff you have shared information about. We will never release the names of any of your staff members or use the data you provide connected to the staff names.

	n 3.1 st name and last initial of teacher me and Last Name Initial
• L St • A cl	st describes [TEACHER #]'s role at your operation? ead teacher/caregiver - Staff responsible for a designated classroom or group of children. taff may or may not supervise other staff members ssistant teacher/caregiver - Staff who support the lead teacher/caregiver for a designated assroom or group of children loater/rotating assistant - Staff not responsible for one designated classroom or group of nildren. Staff may offer support in a variety of capacities as needed.
□ Ir □ T	e of children does [TEACHER #] work with? Please select all that apply. Infants (age birth - 17 months) Industry (age 18 months - 35 months) In reschool (age 3 years - 4 years) In chool age (age 5 years and older)
apply. N A A B B N N N N N N N N N N N N N N	EACHER #] consider themselves to be one or more of the following? Select all that fative American or Alaska Native rab or Middle Eastern sian lack or African American (ispanic, Latina/o/x, or Spanish origin fative Hawaiian or Other Pacific Islander

Question 3.5

To the best of your knowledge, with what gender does [TEACHER #] identify?

- Woman
- Man
- Nonbinary
- Something Else: _____
- I don't know with what gender [TEACHER #] identifies with
- Prefer not to disclose

Teacher Education & Experience

Question 3.6

What is the highest level of education that [TEACHER #] has completed?

- Less than a high school diploma or equivalent → Skip to question 3.8
- High school diploma or equivalent (GED) → Skip to question 3.8
- Some college, but no degree → Skip to question 3.8
- Specialized Trade Certification or Vocational Degree, such as a Child Development Associate® (CDA) credential → Skip to question 3.8
- Associate's degree
- Bachelor's degree (BA, BS, AB, etc.)
- Master's Degree
- Doctoral Degree
- Unsure

Question 3.7

Does [TEACHER #]'s highest level of education pertain to child development or early childhood education, or a related field? Related fields include nursing, psychology, elementary education, social work, speech pathology, or special education.

- Yes
- No
- Unsure

Question 3.8

Is [TEACHER #] currently enrolled in a degree or certification program?

- Yes
- No
- Unsure

S3.6 We ask you to answer the following questions taking into account that [TEACHER #] is: [First Name and Last Name Initial]

Question 3.9

We want to learn about the additional early childhood education credentials [TEACHER #] has. Please select all of the credentials, certificates, or certifications [TEACHER #] has, if any.

Child and Youth Care (CYC) Certification
Child Care Director's Credential
Child Care Health Consultant (CCHC)
Child Care Professional (CCP)
Child Development Associate (CDA)
CIRCLE Foundation Training - I&T
CIRCLE Foundation Training – PreK
EC Technical Certificate
Family Life Educator Certification (CFLE)
Infant-Toddler Specialist (ITSN) Certification
Montessori Credential
Program for Infant/Toddler Care (PITC) Certification
State Teacher Certification
First3Years Infant Mental Health Endorsement
Texas Certification - Art
Texas Certification - Bilingual Education
Texas Certification - Computer Science and Technology Applications
Texas Certification - Core Subjects
Texas Certification - Counselor
Texas Certification - Educational Diagnostician
Texas Certification - English Language Arts and Reading
Texas Certification - English as a Second Language
Texas Certification - Generalist
Texas Certification - Gifted and Talented
Texas Certification - Health
Something else, please describe:
None of the above
Unsure

Question 3.10

Does [TEACHER #] speak more than one language to interact with children in the classroom(s) and/or communicate with parents?

- Yes, they speak two languages
- Yes, they speak more than two languages
- No, they speak one language

Question 3.11 How long has [TEACHER #] worked at your operation in their current role? Years Months
Question 3.12 How many total years of child care experience does [TEACHER #] have?
Years
Teacher Compensation and Work Hours
Question 3.13 About how many hours per week does [TEACHER #] work? hours per week _
If teacher is paid an hourly wage (question 1.9) \rightarrow Continue to question 3.14 If teacher is paid an annual salary (question 1.9) \rightarrow Skip to question 3.15
Question 3.14 What is [TEACHER #]'s hourly wage? \$ → Skip to 3.1 to complete section for next teacher or, if all teachers have been reported on, end survey
Question 3.15 What is [TEACHER #]'s annual salary? \$ → Skip to 3.1 to complete section for next teacher or, if all teachers have been reported on, end survey

Appendix B: Multivariate Regression Model Predicting Early Childhood Educator Wage

Table B1: Results of Linear Regression Models for Variation in Early Childhood Educator Compensation

	Model 1	Model 2			
	Est. (SE)	Est. (SE)			
Intercept	12.77*** (0.21)	11.51*** (0.35)			
Race	, i	, ,			
White (Reference Group)	0	0			
Black	0.04 (0.23)	-0.04 (0.21)			
Hispanic	-0.51* (0.22)	-0.40*(0.18)			
Other	1.01 (0.31)	0.26 (0.31)			
Education Level					
High School (Reference Group)		0			
Some College		0.29 (0.18)			
CDA or Specialized Certification		0.71**(0.22)			
Associates Degree		1.28***(0.24)			
Bachelor's Degree or Higher		2.03***(0.25)			
Early Educator's Teacher Role					
Lead Educator (Reference Group)		0			
Assistant Educator		-0.97***(0.16)			
Floater/Rotating Educator		-0.36*(0.18)			
Years of Experience		0.08***(0.01)			
Urbanicity					
Rural (Reference Group)		0			
Urban-Metropolitan County		1.49***(0.26)			
Program Size		, i			
11 or More Staff (Reference Group)		0			
10 or fewer staff members		-1.13***(0.25)			
Program Type		, ,			
Center-Based Program (Reference Group)		0			
Home-Based Programs (licensed/registered)		-0.19 (0.38)			
Program Accepts Subsidies					
No (Reference Group)		0			
Yes		-0.62*(0.27)			
A Public Pre-K or Head Start Program					
No (Reference Group)		0			
Yes		0.49 (0.41)			
Educator Works with Infants					
No		0			
Yes		-0.28*(0.13)			
Observations	3585	3226			

Standard errors in parentheses. * p < 0.05, ** p < 0.01, *** p < 0.001, Models clustered at operation-level. Reference group in these analyses are White educators, with a high school education or less, who are lead educators, in rural counties, in operations with 11 or more staff.

Appendix C: Characteristics of Child Care Directors – Texas Director Survey

The following section presents key workforce data for center-based and home-based directors who responded to the Texas Director Survey and meet the criteria to be in our Workforce Sample (n=529). Chapter 5 presents the same data for the early childhood educator workforce (n=3,848), including early childhood educators who work in center-based and home-based programs. This section and Chapter 5 both include home-based directors, who we refer to as home-based owner-educators in Chapter 5. We include home-based directors / home-based owner-educators in both sections for efficient comparison, given that they are a unique group who typically play multiple roles as business owner, director, and educator.

Table C1: The Demographic Composition of the ECE Director Workforce

	All Directors (n=529)	Center-Based Directors (n=379)	Home-Based Directors (n=150)
Hispanic	28.5%	30.6%	23.3%
White, non-Hispanic	41.8%	41.2%	43.3%
Black, non-Hispanic	22.1%	20.3%	26.7%
Asian	3.2%	3.2%	3.3%
Middle Eastern	0.2%	0.3%	
Pacific Islander			
Native American			
Other	1.0%	1.1%	0.7%
Multiracial	3.2%	3.4%	2.7%
Woman	97.0%	96.8%	97.3%

Note: Early childhood educators identified as White-Hispanic were recoded as Hispanic in these analyses

Table C2: The Educational Attainment of the ECE Director Workforce

	All Directors (n=529)	Center-Based Directors (n=379)	Home-Based Directors (n=150)
HS Diploma or GED	9.5%	5.8%	18.7%
Some College	18.7%	17.9%	20.7%
CDA or Specialized Trade Certification	20.4%	18.7%	24.7%
Associate's Degree	14.6%	14.8%	14.0%
Bachelor's Degree	23.8%	27.2%	15.3%
Master's Degree	11.3%	13.5%	6.0%
Doctoral Degree	1.7%	2.1%	0.7%

Note: Those who were reported as having a CDA but reported either a high school diploma, less than a high school diploma, or some college were recoded to the higher education category of CDA or Specialized Trade Certificate.

Table C3: ECE Director Workforce Years of Experience

	All Directors (n=529)	Center-Based Directors (n=379)	Home-Based Directors (n=150)
5 years or less	6.2%	6.9%	4.7%
6-10 years	14.2%	14.5%	13.3%
11-15 years	16.5%	17.9%	12.7%
16-20 years	17.2%	15.0%	22.7%
20 years or more	45.8%	45.7%	46.0%
Unsure/Missing	0.2%		0.7%

Table C4: Differences in Median Hourly Pay for Directors by Child Care Program Characteristics

	n	All Directors (n=483)	Center-Based Directors (n=347)	Home-Based Directors (n=136)
Location				
Rural Child Care Program	57	\$14.67	\$15.00	\$10.91
Urban-Metropolitan Child Care Program	426	\$16.67	\$18.22	\$15.00
Subsidy Acceptance				
Child Care Program Accepts Subsidies	278	\$16.00	\$17.00	\$13.00
Child Care Program Does Not Accept Subsidies	205	\$16.00	\$18.00	\$15.00
Number of Staff				
No Staff	71	\$15.00		\$15.00
1-10 Staff	290	\$15.00	\$15.43	\$14.00
11+ Staff	122	\$21.35	\$21.35	

Table C5: ECE Workforce Median Hourly Wage, by Director Characteristic

Child Care Program Characteristics	n	All Directors (n=483)	Center-Based Directors (n=347)	Home-Based Directors (n=136)
Highest Level of Education				
High School Education Only	133	\$15.00	\$15.00	\$13.09
CDA or Higher	350	\$16.86	\$18.00	\$15.00
Years of Experience				
5 Years or Less	30	\$15.00	\$15.00	\$13.33
Between 6 and 15 Years	151	\$16.00	\$17.75	\$15.00
More than 16 Years	302	\$16.10	\$17.60	\$14.88
Race				
White, NH	206	\$17.03	\$18.45	\$15.00
Black, NH	105	\$16.07	\$19.00	\$15.00
Hispanic, NH	136	\$15.00	\$16.00	\$12.00

Table C6: Access to Employment Benefits Across the ECE Director Workforce

	All Directors (n=431)	Center-Based Directors (n=309)	Home-Based Directors (n=122)
Health Insurance	24.5%	31.9%	6.0%
Dental Insurance	23.8%	31.7%	3.5%
Vision Insurance	22.6%	30.4%	3.5%
Flexible Spending Account (FSA)	8.4%	11.5%	0.9%
Paid Sick Leave	47.7%	56.6%	25.8%
Paid Vacation/Holiday Time	71.2%	82.2%	43.4%
Retirement Account	20.9%	28.4%	2.7%

Note: Directors reported in the table are not employed at a child care program reported as a Head Start operation or public pre-K operation. For all directors, n range from 383-431; for center-based directors, n range from 270-309; for home-based directors, n range from 112-122. Ranges differ by item because some directors skipped items.

Appendix D: Method for Estimating the True Cost of Quality Care

Modeling the true cost of quality care

A central recommendation from the Workgroup is that Texas should reimburse subsidies at the true cost of quality care. Reimbursing at the true cost of quality care means calculating reimbursement rates for child care programs according to what the care these programs provide actually costs, rather than what families can afford to pay. Chapter 3 and Chapter 9 discuss the benefits of using the true cost of quality care, rather than prevailing market rates, when considering the rate of reimbursement for child care subsidies, but in summary: Subsidies at the true cost of quality care promote a child care industry in which early childhood educators can afford to remain in the field; child care programs are sustainable businesses that provide quality care; and all families can afford access to high-quality care for their children.

Estimating the true cost of quality care requires constructing cost estimation models. Such models identify the various expenses that child care programs must incur to provide high-quality care, including expenses related to staffing—such as wages, benefits, or training—that programs may not be able to offer in the current market. This appendix describes a set of cost estimation models that calculate the true cost of providing quality care to children of different ages and across Texas Rising Star Levels.

The cost estimation models created for the strategic plan require trustworthy estimates for the cost of center-based care, which accounts for more than 95 percent of all child care capacity in Texas. Cost drivers for home-based care are broadly similar. As such, for the purposes of the strategic plan, home-based costs are extrapolated from center-based costs. Prior to implementing a cost of quality care cost estimation model in Texas to calculate reimbursement rates, TWC should create a more precise cost estimate of home-base care to ensure providers are reimbursed appropriately.

Four principal factors drive the true cost of quality care for a child care center. These factors include:

- The total number of children enrolled at the center.
- The portion of enrolled children who are infants, toddlers, preschoolers, and school aged.
- Staff compensation and benefit levels.
- Facility and material expenses.

As of October 1, 2022, TWC requires participants in the child care services (CCS) program (i.e., child care programs that accept subsidies) to also participate in the Texas Rising Star

program. The cost of care varies across Texas Rising Star levels, necessitating distinct cost models for Two-, Three-, and Four-Star care. As a base, the models rely on a general calculator (CAP calculator) developed by the Center for American Progress (CAP) in 2021. On top of this base, the models are tailored to Texas using Workgroup suggestions and state administrative standards.

Center-based child care programs

The first step in modeling the true cost of center-based care is to sketch a series of broadly representative model programs, with estimates of enrollment and staffing appropriate for the program's Texas Rising Star level. These cost models then estimate total operating costs for each of these "estimated centers" and calculate how each infant, toddler, preschool, or school-aged child under care contributes to these expenses.

Child capacity and early childhood educator counts

The estimated centers are alike in most respects but track important differences between Two-, Three-, and Four-Star care. Group sizes and early childhood educator ratios drive per-child costs and directly influence star rating. Thus, the models permit child capacity and staff size to vary with the estimated center's star level. Comparability is maintained by assigning all example centers the same array of classrooms.

The estimated centers each contain seven classrooms. Texas regulates child-to-early childhood educator ratios based on age. Each estimated center combines four- and five-year-old children into the same classroom and does the same for all children aged six and older. Otherwise, each age group receives one classroom in an estimated center (see Table D1).

Each classroom is assumed to have a capacity equal to the maximum group size (as set by child care licensing or Texas Rising Star standards), with the minimum early childhood educators needed to support that capacity. Thus, calculations account for the lower child-to-early childhood educator ratios expected in higher-rated centers. The Two-Star center follows Texas Rising Star "Score 1" group and ratio guidelines. Similarly, the Three-Star center follows "Score 2" guidelines and the Four-Star center follows "Score 3" guidelines. Maximum capacity and early childhood educator counts appear in Table D1.

Consistent with modeling decisions in other states, each estimated center has an enrollment equal to 85 percent of is maximum capacity. ¹⁶³ Thus, while the estimated

ix This approach means that there are multiple group-size and child-to-early childhood educator ratios within each of the four larger age categories that Texas employs for subsidy reimbursement. Thus, the cost models do not follow the CAP calculator in its specification of broad infant, toddler, and pre-school classrooms.

centers have capacities ranging from 141 to 149 children depending on Texas Rising Star level, they provide care to between 120 and 127 children.

Table D1: Maximum Capacities and Early Childhood Educator Counts for Two-, Three-, and Four-Star Estimated Centers

Classroom Age	Capacity		Classroom Early Childhood Educators			
	Two-Star	Three-Star	Four-Star	Two-Star	Three-Star	Four-Star
0-11 mo.	10	9	8	2	2	2
12-17 mo.	13	12	12	2	2	3
18-23 mo.	16	18	16	2	3	4
24-35 mo.	20	21	18	2	3	3
3 years	24	27	24	2	3	3
4-5 years	32	26^	30^	2	2^	3^
6-13 years	34	32	33	2	2	3
Total	149	145	141	14	17	21
Enrollment	127	123	120			

Notes: "Capacity" refers to the maximum group size at each star level." Early childhood educators" refers to the minimum number of early childhood educators a center needs to support these group sizes. Official group sizes and child-to-early childhood educator ratios are available at: https://www.twc.texas.gov/files/policy_letters/attachments/wd-10-16att3-twc.pdf. Note that a 2-star center uses "Score 1," a 3-star center uses "Score 2," and so forth. "Enrollment" refers to the number of children who receive care. This is equal to 85% of maximum capacity.

Staffing and compensation

Each estimated center employs a variety of full-time teaching and non-teaching staff, including:

- One lead teacher per classroom.
- Sufficient assistant teachers to support the capacity of that classroom.
- Three rotating assistants, or "floaters," to cover additional hours of operation and teacher planning time. These educators are not assigned to specific classrooms. Each floater is roughly cost-equivalent to between two and three part-time assistant teachers.
- One director, one administrative assistant, and one education coordinator/assistant director.

For the purposes of cost modeling, all staff at an estimated center work full-time and receive both health and retirement benefits. Full-time means 2080 hours per year, which includes 10 paid holidays (80 hours).

[^] Where guidance for group sizes and caregiver ratios differ between ages four and five, the models use the age-four guidelines with the expectation that many five-year-olds will receive care via public kindergarten.

Compensation for non-teaching staff reflects current market rates, as expressed in the Bureau of Labor Statistics' (BLS) Occupational and Employment Wage Statistics (OEWS). Compensation for teaching staff reflects the pay recommendations described in Chapter 8 of the strategic plan: a compensation floor of \$15 per hour and lead-teacher wages at parity with the minimum salary requirements for public-school teachers. Thus, lead teachers earn a wage commensurate with their level of education and experience, using a procedure described below. Assistant teachers and floaters earn \$15 per hour. Detailed staffing and compensation information appears in Table D2.

Table D2: Staffing Patterns and Compensation for Estimated Centers

Position	Texas Rising Star Level	Count	Hourly Wage	Annual Pay
Director	All	1	\$27.35	\$54,690
Admin. Asst.	All	1	\$18.10	\$36,200
Ed. Coordinator/ Assistant Director	All	1	\$27.35	\$54,690
	Two-Star	7	\$16.33^	\$32,665
Lead Teacher	Three-Star	7	\$16.33^	\$32,665
	Four-Star	7	\$16.83^	\$33,660
	Two-Star	7	\$15.00	\$30,000
Assistant Teacher	Three-Star	10	\$15.00	\$30,000
	Four-Star	14	\$15.00	\$30,000
Floater	All	3	\$15.00	\$30,000

Source: U.S. Bureau of Labor Statistics, "May 2021 state occupational employment and wage estimates: Texas."

https://www.bls.gov/oes/current/oes_tx.htm (last accessed September 2022).

Notes: ^ These figures represent a weighted average of our lead teacher compensation scale, based on our estimates of education and experience for the current workforce at Two/Three-star and Four-star centers.

The hourly wage for lead teachers reported above applies the wage scale introduced in Chapter 8, with wages assigned to each level of education. Thus, lead teachers with a bachelor's degree earn the minimum salary for a public-school teacher (\$19.42), while lead teachers with less education receive a lower hourly wage. Model calculations rely on a weighted average of the wage scale; each specified wage is weighted according to the frequency of the corresponding education level among lead teachers in the Texas Director Survey.

To acknowledge the importance of early childhood educator experience and to account for pay raises, the models build in a pay increase for experienced lead teachers. For the purposes of computation, a lead teacher who has three or more years of ECE experience is treated as if that early childhood educator's education level was one category higher. For example, a lead teacher with high school education and five years of experience receives the same compensation as an early childhood educator with a CDA. We do not model experience-based wage increases greater than one education level.

Four-Star centers tend to have more highly-educated early childhood educators than other centers. As such, the cost models use two separate weighted averages for lead teacher wages:

- 1. One average for Four-Star centers weighted by the current distribution of education among lead teachers at such centers.
- 2. One average for other (Two-Star, Three-Star, and unrated) centers, weighted by the distribution of all other lead teachers.

The lead teacher wage scale and the percentage of early childhood educators earning each wage appear in Table D3.

Table D3: Weights and Wages for Estimation of Average Lead Teacher Hourly Wage

Education-based	Percent of Educators	Percent of Educators	Hourly
Wage Level	(Four-Star)	(Two- & Three-Star)	Wage
Less than CDA	38.16%	54.20%	\$15.00
CDA or Certificate	8.55%	14.09%	\$16.11
Associate's Degree	28.07%	10.30%	\$17.21
Bachelor's Degree	25.22%	21.42%	\$19.42

Notes: Data come from the Texas Director Survey. The distributions exclude lead teachers employed by public pre-kindergarten, Head Start, and Early Head Start programs. To adjust for experience, any lead teacher with three or more years of experience in ECE is treated as if that early childhood educator's education level were one category higher. We do not model experience-based wage increases greater than one education level.

Benefits and Training

In the cost estimation model, each estimated center, irrespective of Texas Rising Star Level, provides the following benefits to all staff members:

- Legally-required contributions Social Security, Medicare, unemployment insurance and workers' compensation equal to 9.15 percent of each employee's annual compensation. Social Security (6.2%) and Medicare (1.45%) use federal statutory rates, whereas other mandatory contributions follow private-sector averages as reported by the BLS. 165
- Total retirement benefits equal to 9.5 percent of annual compensation. This is equivalent to the employer contribution rate for the Texas Teacher Retirement System. 166
- Health insurance with an annual employer premium equal to the Texas statewide average for employer-provided insurance (\$5,520). 167
- 10 paid holidays per year.
- 10 days (80 hours) of paid time off per year. During paid time off, the estimated centers pay for a substitute at \$15 per hour.
- \$500 of training per employee, per year. This figure is based on workgroup feedback.

Estimated total staff costs appear in Table D4.

Table D4: Breakdown of Total Staff-Related Costs

Position	Required Contributions	Retirement	Health Insurance	PTO Substitutes	Training	Benefits + Wages
Director	\$5,004	\$5,196	\$5,520	\$1,200	\$500	\$74,297
Admin. Assistant	\$3,312	\$3,439	\$5,520	\$1,200	\$500	\$51,619
Ed. Coordinator/ Assistant Director	\$5,004	\$5,196	\$5,520	\$1,200	\$500	\$74,297
Two-/ Three- Star Lead Teacher	\$2,989	\$3,103	\$5,520	\$1,200	\$500	\$47,283
Four-Star Lead Teacher	\$3,080	\$3,198	\$5,520	\$1,200	\$500	\$48,504
Assistant/ Floater	\$2,745	\$2,850	\$5,520	\$1,200	\$500	\$44,015

When computing the true cost of quality care to children of different ages, lead-teacher and assistant-teacher costs are divided evenly among all children in the classroom. Hence, classrooms with lower child-to-early childhood educator ratios (e.g., infant and toddler classrooms) have higher per-child costs. By contrast, costs for floaters and non-teaching staff are divided evenly across all children under care.

Facility expenses

Facility rents/mortgage payments represent the largest non-personnel expense for a child care center. Texas regulatory law requires a minimum of 30 square feet of indoor facility space per child. The cost estimation model for Two-Star centers doubles this minimum value to account for common areas and office space. The models for Three- and Four-Star centers apply a further 20 percent increase. This increase accommodates the additional activity spaces required to maintain Three-Star and Four-Star ratings. Facility sizes for estimated centers appear in Table D5. All sizes are calculated based on the center's maximum capacity.

Table D5: Facility Size Assumptions for Estimated Centers

Estimated center	Space/child	Capacity	Facility size
Two-Star center	60 sqft	149	8,940 sqft
Three-Star center	72 sqft	145	10,440 sqft
Four-Star center	74 sqft^	141	10,440 sqft^

[^]The size of a Four-Star center is set to be equivalent to a Three-Star center to avoid an implication of center shrinkage. This implies a per-child space increase of 2 square-feet for Four-Star centers.

Facility cost estimates apply national, per-square-foot estimates for rent (or mortgage plus property taxes), utilities, insurance, and maintenance costs to each estimated center. These national estimates come from the Office of Child Care's "Provider Cost of Quality Calculator" and appear in Table D6. The estimates are adjusted for Texas's statewide cost of living at a later stage (see Table D7).

Table D6: Estimated Facility Costs Prior to Cost-of-Living Adjustment

Expense	Cost per square-foot^	Total cost (Two-Star)	Total cost (Three-Star)	Total cost (Four-Star)
Rent/Mortgage & Property Tax	\$14.95	\$133,653	\$156,078	\$156,078
Utilities	\$3.30	\$29,502	\$34,452	\$34,452
Insurance	\$1.80	\$16,092	\$18,792	\$18,792
Maintenance	\$3.70	\$33,078	\$38,628	\$38,628
Total Cost	\$23.75	\$212,325	\$247,950	\$247,950

[^] Source: U.S. Office of Child Care, "Provider Cost of Quality Calculator," available at: https://www.ecequalitycalculator.com/Main.aspx (last accessed September 2022)

Total non-personnel expenses

Non-personnel expenses for estimated centers follow the inventory used in the CAP calculator, with noted modifications based on input from the Workgroup. All non-personnel expenses are divided equally among all children in the estimated center.

Where estimated centers would make purchases in a local, rather than national, marketplace, non-personnel expenses receive an adjustment for the statewide cost of living. This adjustment entails multiplying the relevant expense by the Bureau of Economic Analysis's (BEA) Regional Price Parity for Texas (99.5%).¹⁷⁰ A tabulation of all cost-of-living adjusted non-personnel expenses appears in Table D7. Prior to implementation of cost of quality subsidy reimbursement, Texas should further adjust these expenses to reflect regional, within-state variation in the cost of living.

Table D7: Inventory of Annual Non-Personnel Expenses for Center-Based Programs, with Cost-of-Living Adjustment

Expense type	Cost-of-Living Adjustment	Adjusted cost (Two-Star)	Adjusted cost (Three-Star)	Adjusted cost (Four-Star)
Facility expenses	Yes	\$211,263	\$246,710	\$246,710
Internet	Yes	\$4,478	\$4,478	\$4,478
Audit	Yes	\$2,985	\$2,985	\$2,985
Fees and Permits	Yes	\$498	\$498	\$498
Office supplies	No	\$100/child	\$100/child	\$100/child
Insurance	Yes	\$109/child	\$109/child	\$109/child
Advertising	Yes	\$20/child	\$20/child	\$20/child
Miscellaneous Expenses	Yes	\$25/child	\$25/child	\$25/child
Food & Food Preparation	Yes	\$1,294/child	\$1,294/child	\$1,294/child
Kitchen Supplies	Yes	\$50/child	\$50/child	\$50/child
Educational Supplies	No	\$150/child	\$150/child	\$180/child
Child Assessment	No	\$25/child	\$25/child	\$25/child

Notes: All estimates are rounded to the nearest dollar. The expense inventory follows: S. Workman & M.K. Falgout (2021), Methodology for `The True Cost of High-Quality Child Care Across the United States,' available at https://cdn.americanprogress.org/content/uploads/2021/06/28062526/METHODOLOGY_True-Cost-of-High-Quality-Child-Care.pdf (last accessed September 2022).

In addition to the above list, each example center sets aside an amount equal to 15 percent of its total, non-personnel expenses towards an operating reserve. This cost is also divided equally among all children under care.

Home-based child care programs

The Prenatal-to-Three Policy Impact Center focused on creating accurate estimates of the true cost of quality care for child care centers during the strategic planning process. The same decisions made when estimating the true cost of providing center-based care cannot be universally applied to home-based care, as the costs of mixed-aged classrooms and providing care out of a family home are fundamentally different. Prior to implementation of reimbursement at the true cost of quality care, TWC should generate accurate estimates for home-based provider costs to ensure that home-based programs are properly reimbursed for the care that they offer. However, for the purposes of cost modeling in this strategic plan, we use the center-based toddler rate to approximate home-based costs. Though using this approximation of home-based costs may under- or overestimate the true cost of providing home-based child care across age groups, the relatively small share

of child care capacity occupied by home-based providers (less than five percent) means that this decision is not a major driver of overall program cost.

Cost estimates by child age and Texas Rising Star level

Monthly estimates of the true cost of quality care for Two-, Three-, and Four-Star care appear in Table D8. Subtracting the average family contribution to care (see Appendix E) from the monthly cost gives the statewide average cost of a monthly subsidy for each age group. All cost models assume 22 days of full-time care per month.

Table D8: Monthly True Cost of Quality Care Estimates Used in All Strategic Plan Cost Models

Age Category	Provider Type	Two-Star Quality Cost of Care	Three-Star Quality Cost of Care	Four-Star Quality Cost of Care
Infant	Center	\$1,382	\$1,475	\$1,761
Toddler	Center	\$1,101	\$1,303	\$1,552
Preschool	Center	\$923	\$1,042	\$1,134
School-age	Center	\$867	\$902	\$1,043
All ages	Home	\$1,101	\$1,303	\$1,552

Notes: All models assume 22 days of full-time care per month.

Appendix E: Method for Estimating the Total Cost of the Child Care Subsidy Program

Modeling subsidy costs

Chapter 9 of the Workgroup recommendations to inform the strategic plan describes a package of strategies to use child care subsidies to stabilize and transform the Texas child care industry. These strategies include increasing subsidy reimbursement, increasing eligible families' access to subsidies, and expanding income eligibility for CCS. By reimbursing child care programs at the true cost of quality care and ensuring that all families who need child care can afford it, these strategies will lead to long-term workforce and industry stability.

This appendix describes procedures for estimating the components of each strategy, including:

- 1. The number of children who would receive a subsidy under each strategy.
- 2. The average copay for subsidy eligible families.
- 3. The total cost of subsidizing at the true cost of quality care.

1. How do we estimate the population of children who would receive a child care subsidy?

For modeling purposes, it is useful to think of the strategies outlines in Chapter 9 as stages within a larger framework.

- 1. At "Stage One," subsidy reimbursements increase from the market rate to the true cost of quality care. TWC provides the same number of subsidies as the state would without a policy change (~140,000 slots per day).
- 2. At "Stage Two," the number of available subsidies increases to cover each eligible child who needs one. TWC continues to use the current eligibility criteria: children under the age of 14 are eligible if their families earn below 85 percent of state median income (SMI) and meet work requirements.
- 3. At "Stage Three," the threshold for subsidy eligibility increases to 150 percent of SMI. TWC continues to provide subsidies to all eligible children who need them.

Thus, the total number of provided subsidies varies substantially from stage to stage. This section describes two models for estimating total subsidies required. The model for Stage One takes the number of subsidies currently funded as its guide. By contrast, the model for Stage Two and Stage Three estimates the larger population of children who live in subsidyeligible families that need private child care.

Stage One: The same number of subsidies, reimbursed at the true cost of quality care

TWC plans to offer 140,000 subsidies in the upcoming fiscal year. Stage One, then, estimates the cost of providing these subsidies at the true cost of quality care (see Appendix D). As the ages of subsidized children and the shares of subsidies going to center-based and home-based programs vary somewhat from year to year, this model uses four-year averages to distribute the 140,000 subsidies across ages and child care program types. Data come directly from TWC's "Child Care by the Numbers" annual data set. ¹⁷¹ A breakdown of subsidy totals by child age and provider type is reported in Table E1.

Table E1: Total Subsidies in Stag	e One Estimates by	Child Age and Child	Care Program Type
J		,	3 31

Program Type	Infant	Toddler	Preschool	School-Age	Total	Percent
Center	11,850	25,267	51,318	47,777	136,212	97.3%
Licensed Home	198	422	857	798	2,275	1.6%
Registered Home	134	286	580	540	1,540	1.1%
Total Percent	12,180 8.7%	25,970 18.6%	52,745 37.7%	49,105 35.1%	140,000	

Stages Two and Three: All eligible children who need care

Stage Two expands the number of funded subsidy slots at current eligibility (85% SMI) to ensure that all eligible children who need subsidies can access them. Stage Three additionally expands eligibility up to 150 percent of SMI. Both stages employ the same general model and estimation procedures:

- Estimate the distribution of family income across Texas's under-14 children. For example, how many children live in families that earned between \$30,000 and \$35,000?
- Next, estimate the portion of these children who would be subsidy-eligible; that is, children whose family incomes are below 85 percent (Stage Two) or 150 percent (Stage Three) of SMI.
- Finally, estimate the portion of eligible children who need subsidized child care.
- In the discussion below, modeling assumptions are explained as they become relevant. For reference, a compiled list of assumptions appears in Table E2.

Table E2: Population Assumptions for Stage Two and Stage Three Subsidy Estimates

No.	Assumption
1.	The number of children per family is constant across income categories within
	each ACS family type, but may vary across family types.
2.	Children who do not live with at least one parent have the same distribution of
	family types as children who do.
3.	Child age is unrelated to family income category.
4.	Within each age ACS age category (under 5, 5 to 9, etc.), numerical ages follow a
	uniform distribution.
5.	The mean family seeking a subsidy has three members, 1.5 of which are under-14
	children.
6.	Within each income category, family income follows a uniform distribution.

Why 150 percent of SMI?

At Stage Three of implementation, eligibility for subsidies expands to 150 percent of SMI. The purpose of this expansion is to ensure that child care costs for middle-income families remain affordable as the market price of child care increases towards the true cost of care. An eligibility threshold at 150 percent of SMI allows most families who need child care to spend less than 10 percent of their income on that care.

Estimating family incomes for Texas's under-14 population

The first step in determining the population of children who need care involves estimating how many children in Texas live in families of various income levels. These estimates combine data from the American Community Survey (ACS) on family incomes and on children's living in various family configurations, or "family types." Specifically, the following tables from the 2021 ACS "1-year" estimates are vital:

- Income across 16 categories for families with under-18 children.¹⁷² This table reports counts of families within each income category.
- The total number of children who live in each family type. 173

For the purposes of the ACS, a "family" is a household in which the members are related by birth or marriage. Thus, a child who lives with two married parents would live in a "married-couple" family, whereas a child living alone with the child's mother would live in a "single-female" family.

The ACS reports separate counts of families by income for each of the major family types. Family counts are converted into counts of under-18 children by multiplying each count by the average number of children who live in a family of the relevant type.

To estimate the average number of minor children in each family type, one divides the total number of minor children who live in each family type by the total number of families of that type. However, several adjustments are necessary.

- 1. To remove children who do not live with either parent from the calculation, total children in each family type are multiplied by the percentage of children who live with at least one parent (87%).¹⁷⁴ The removed children are distributed across the income distribution separately (see below).
- 2. To account for differences in how ACS categorizes families versus children's living arrangements, the total children who live in families where the child's parent is unmarried, but cohabiting are divided between single-male and single-female families according to the prevalence of each. Thus, 70 percent of unmarried cohabiting families are assumed to be single-female families, whereas 30 percent are assumed to be single-male families.

The conversion from number of families to number of children requires an assumption that the number of children per family remains constant across income but not across family types (see Table E2, Assumption no. 1). For example, a married-couple family earning \$50,000 per year is assumed to have the same number of minor children as a married-couple family earning \$75,000 per year but may have a different number of minor children than a single-female family earning \$50,000 per year.

Summing these family-type counts provides the overall number of children per income category for the roughly 87 percent of under-18 children who live with at least one parent. Children who do not live with a parent are added to each income category in proportion to that category's share of children who live with a parent. That is, if five percent of children living with a parent are in a particular income category, five percent of children who do not live with a parent are also added to that income category. Thus, in the absence of more precise information, the estimates assume that children who live with other caregivers have the same distribution of incomes as children who live with their own parents (see Table E2, Assumption 2).

These calculations produce estimated counts of under-18 children by income category. As children aged 14 and older are not eligible for child care subsidies, these under-18 counts are multiplied by the overall share of Texas children who are 13 years old or younger (about 77%). This percentage requires an assumption that children within each age category have an equal chance of being any of the ages in that category (see Table E2Table E2,

Assumption no. 4). Table E3 reports the under-14 income estimates. These estimates are used for determining income-eligibility for subsidies.

Table E3: Estimated Counts of Children by Income Category, 2021

2021 Income Category	Estimated Under-14 Children	
Under \$10,000	343,795	
\$10,000 - \$14,999	159,731	
\$15,000 - \$19,999	166,183	
\$20,000 - \$24,999	202,387	
\$25,000 - \$29,999	220,298	
\$30,000 - \$34,999	233,184	
\$35,000 - \$39,999	217,180	
\$40,000 - \$44,999	225,374	
\$45,000 - \$49,999	184,064	
\$50,000 - \$59,999	392,973	
\$60,000 - \$74,999	518,978	
\$74,999 - \$99,999	666,862	
\$100,000 - \$124,999	572,551	
\$125,000 - \$149,999	437,090	
\$150,000 - \$199,999	516,133	
\$200,000 or more	642,621	
Total	5,699,406	

Notes: Counts of under-14 children are computed by scaling total estimated counts of under-18 children by 77 percent, the estimated share of the under-18 population in Texas that is 14 or younger.

Estimating the number of children who are eligible for subsidies

Only a portion of the under-14 population will be eligible for child care subsidies at Stage Two or Stage Three. Determining the maximum number of eligible children involves computing the number of under-14 children who live below the Stage Two (85% SMI) or Stage Three (150% SMI) income thresholds.

For eligibility purposes, the Stage Two and Three models assume that the mean family seeking a child care subsidy has three members (see Table E2, Assumption 5). Using TWC's published income limits for Board Year 2021-2022,¹⁷⁶ 85 percent of SMI for a family of three is \$60,972 and 150 percent of SMI is \$107,598.

^x The cited percentage includes the following figures from the ACS data: 1) 100% of the Under 5 population estimate; 2) 100% of the 5 to 9 population estimate; 3) Four-fifths of the 10 to 14 population estimate.

Thus, this calculation assumes that, in 2021, there were an equal number of 10, 11, 12, 13, and 14 year-old children.

If an entire income category falls below the relevant income limit, all under-14 children in that income category are deemed eligible for subsidies. Similarly, if an entire income category falls above the income limit, all under-14 children in that category are ineligible.

If an income limit falls within an income category, a portion of the under-14 children in that category are eligible, equal to the percentage of the category itself that is below the income limit. For example, the 85 percent of SMI income limit falls within the \$60,000 to \$74,999 income bracket. As 6.5 percent of that income range is below \$60,972, xi a corresponding percentage of children in that income bracket are deemed eligible for subsidies. Thus, this procedure requires an assumption that family income follows a uniform distribution within each income category. That is, if the \$60,000 to \$74,999 income bracket contains 518,978 under-14 children, the number of children whose family income is \$60,001 is the same as the number of children whose family income is \$60,002.

Table E4 uses the above procedure to report raw counts of subsidy-eligible under-14 children for Stage Two and Stage Three.

Table E4: Total Number of Children Eligible for Subsidies in Stage Two and Stage Three

Income Range Income Range Subsidy-eligible

Subsidy Strategy	Income Range (SMI)	Income Range (Dollars)	Subsidy-eligible Children
Stage Two	85% SMI and below	\$0 to \$60,972	2,378,835
Stage Three (New)	86% to 150% SMI	\$60,973 to \$107,598	1,326,200
Stage Three (All)	150% SMI and below	\$0 to \$107,598	3,705,035

Estimating the number of children who would need subsidies

Texas will not need to provide subsidies to all children who meet income-eligibility.

- Many eligible families have satisfactory child care arrangements and would not seek subsidized care even if available to them.
- Many school-aged children will not need subsidized care at all, even in families where younger children do need care.
- Some younger children will have access to full-time public pre-kindergarten, Head Start, or Early Head Start programs. These children, by and large, will not require subsidized care.

Accounting for alternative care arrangements requires: (a) dividing eligible children into age groups, (b) adjusting the totals for each age group by the percentage of children in that group who would utilize care, and (c) subtracting out children who have access to alternative sources of child care from each age group's totals.

xi The income range \$60,000 to \$74,999 is \$15,000 wide. To compute the percentage eligible, divide the difference between the income range minimum and the income cutoff (\$60,972 - \$60,000 = \$972) by \$15,000.

Eligible child totals are divided into age groups (infant, toddler, preschool, school-age) according to that group's estimated share of the under-14 child population. As the ACS data's smallest age bracket is *under five years*, estimating ages requires an assumption that within each Census Bureau age bracket, age is distributed uniformly. This means that the number of one-year-olds is equal to the number of two-year-olds, but not necessarily equal to the number of seven-year-olds as the latter are in the *five to nine* ACS age bracket. The second columns of

Table E5 and Table E6 report the total number of eligible children in each age for Stage Two and Stage Three respectively.

Assumptions about child care utilization reflect both the capacity of some families to arrange for child care outside of the market, such as via a family member, and recognition of the role that schools play in caring for children during the day. Specifically, the Stage Two and Stage Three models assume:

- Two-thirds of eligible children five and younger need a subsidy. This is roughly equivalent to the percentage of Texas children who, in 2019, lived in a household where all parents worked full-time and, thus, were unavailable to provide child care. 178
- Infants who need child care require it from eight weeks of age. Assuming a constant year-round birthrate, two-thirds of infants over eight-weeks is equivalent to 56 percent of all infants.
- 10 percent of school-aged children need a subsidy. The state of New Mexico recently used the same assumption when reforming its subsidy program.¹⁷⁹

Children who have free access to full-time child care through another program will not typically require a subsidy. Thus, the following children are excluded from the count of total subsidies:

- Children enrolled in Head Start and Early Head Start programs. 180
- Children enrolled in full-day public preschool who are classified as "economically disadvantaged."¹⁸¹

As free access public preschool, Head Start, and Early Head Start is broadly limited to lower-income families, enrollments in these programs are subtracted only in calculations for Stage Two. Children enrolled in *half-day* public preschool are not subtracted out, as these children may still require care for the remainder of the day.

Table E5 and Table E6 apply these adjustments and report total modeled counts of subsidies that are necessary under Stage Two and Stage Three.

Table E5: Total Subsidies Needed for Stage Two

Ago Croup	Estimated	Utilization	Other Free	Total Subsidies
Age Group	Children	Rate	Child Care^	Needed
Infants	236,311	56%^^	6,302	127,002
Toddlers	236,311	67%	10,695	146,846
Preschool	486,294	67%	184,601	139,595
School Age	1,419,919	10%	0	141,992
Total	2,378,835		201,598	555,435

^{^ &}quot;Other free child care" refers to full-day public-school preschool, Head Start, and Early Head Start programs.

Table E6: Additional Subsidies Needed for Stage Three.

Ago Croup	Estimated	Utilization	Total Subsidies
Age Group	Children	Rate	Needed
Infants	131,743	56%	74,317
Toddlers	131,743	67%	87,829
Preschool	271,109	67%	180,739
School Age	791,605	10%	79,161
Total (additional)	1,326,200		422,045
Total (combined)	3,705,035		977,480

^{^^} This is equivalent to two-thirds of infants aged eight weeks and older.

2. How do we calculate the average copay for subsidy-eligible families?

Copayment schedules

The net cost of subsidizing child care at the true cost of quality care is equal to the true cost of subsidizing each child less the amount each child's family contributes via its copay. Thus, the cost model for each implementation stage uses a corresponding schedule of copays.

Model copayment schedules are specific to the income threshold for subsidy eligibility; that is, Stage One and Stage Two costs are computed using a copayment schedule calibrated for families at or below 85 percent of SMI, whereas costs for subsidizing the children who become eligible at Stage Three use a copayment schedule attuned to the higher incomes that these children's families earn.

For the purposes of producing the model copayment schedules, the average family seeking a subsidy is assumed to have 1.5 children. This round figure is roughly equivalent to the average number of under-14 children per family.

Additionally, model copayment schedules use the following parameters:

- The copayment for the first child is two times greater (three times greater for families below 20% of SMI) than the copayment for additional children. This is roughly in line with the current copayment schedule for the Heart of Texas Workforce Board. 182
- For families at 85 percent of SMI or less, the copay for a family of three with 1.5 children is equal to seven percent of family income, the definition of "affordable" according to the U.S. Department of Health and Human Services. As no family can have 1.5 children exactly, some families will pay a bit less than seven percent and some will pay a bit more.
- For families earning between 85 percent and 150 percent of SMI, the copay for a family of three with 1.5 children is equal to 10 percent of income. Under this scheme, the copayment for a family with one child under care is just below seven percent of family income.
- For families earning below 85 percent of SMI, copayments are assigned to families based on their income level, using the system of income brackets that are currently used for Texas CCS copayments. For families earning between 85 percent and 150 percent of SMI, income brackets cover five percentage points (e.g., 85-89% of SMI). Copayments are calculated based on the median family income within each income bracket (e.g., 0 to 20 percent of SMI, 20 to 30 percent of SMI).

xii Currently, copays in Texas use the following income brackets, given in percentages of SMI: 0 to 20, 20 to 30, 30 to 40, 40 to 50, 50 to 60, 60 to 70, 70 to 75, 75 to 80, and 80 to 85.

When calculating overall subsidy program costs (true cost of quality care, less copays), the cost models take the average of the family copay for each income bracket, weighted according to the number of families estimated to be in that bracket. Separate averages are computed for the current and expanded eligibility ranges.

Table E7 reports these average copays, as well as the lowest and highest copays due under the SMI range for Stage One/Two (below 85%) and Stage Three (85% to 150%). Copays are reported for families of three with one or two children.

Table E7: Summary of Monthly Copayment Schedules

SMI Range		st Income racket		st Income racket	Average Family	Average Child
	One Child	Two Children	One Child	Two Children	Copay	Copay
Below 85%	\$36	\$48	\$276	\$414	\$184	\$123
85% to 150%	\$418	\$627	\$693	\$1040	\$688	\$458

Notes: These figures assume a mean family of three members, 1.5 of whom are below age 14.

3. How do we calculate the total cost of the subsidy program at each stage of implementation?

Daily subsidy amounts

As discussed in Appendix D, the true cost of quality care varies by the age of the child, the type of child care program (center-based or home-based), and the program's Texas Rising Star level. These costs of care represent the total package of compensation that a child care program receives to care for a subsidized child (the "subsidy amount"). These amounts are stable across all three implementation stages.

Table E8 reports the full-time and part-time reimbursements for child care programs under the strategic plan recommendations. The difference between full-time and part-time subsidies roughly approximates existing ratios between full-time and part-time subsidies. For infants and toddlers, part-time reimbursements are 90 percent of full-time reimbursements. For preschool and school age children, part-time reimbursements are 80 percent of full-time for center-based programs and 85 percent of full-time for home-based programs.

Table E8: Schedule of Daily Subsidy Reimbursement Amounts Paid to Child Care Programs

Program Type	Age	Two-Sta	ar Care	r Care Three-Star Care		Four-Star Care	
Program Type	Group	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
	Infant	\$62.82	\$56.54	\$67.05	\$60.34	\$80.05	\$72.04
Center	Toddler	\$50.05	\$45.04	\$59.23	\$53.30	\$70.55	\$63.49
Center	Preschool	\$41.95	\$33.56	\$47.36	\$37.89	\$51.55	\$41.24
	School	\$39.41	\$31.53	\$41.00	\$32.80	\$47.45	\$37.96
Homo	Infant	\$50.05	\$45.04	\$59.23	\$53.30	\$70.55	\$63.49
Home	Toddler	\$50.05	\$45.04	\$59.23	\$53.30	\$70.55	\$63.49
(all-types)	Preschool	\$50.05	\$42.54	\$59.23	\$50.34	\$70.55	\$59.96
	School	\$50.05	\$42.54	\$59.23	\$50.34	\$70.55	\$59.96

Daily subsidy costs: total subsidy amount minus family copayment

Through their copays, subsidized families help to pay for the cost of child care. For any given child the "subsidy cost" is equal to the true cost of care for that child, less the family's income-determined copay. At Stage One and Stage Two, the average estimated per-child copay is \$123 per month, or \$5.59 per day assuming 22 days of care per month. At Stage Three, the estimated average per-child copay is \$458 per month, or \$20.83 per day of care. Thus, subsidy costs are calculated by subtracting out the average per-child copay for each implementation stage being modeled.

Calculating overall program costs

The cost models use the following procedure to calculate the total government outlay, from all funding sources, required to cover the subsidy program at a given implementation stage:

- Divide the estimate of total subsidies needed for each age group (see Table E5 and Table E6) across child care program types and Texas Rising Star levels.
- Multiply each subsidy slot by the daily subsidy cost to cover 260 days of full-time care (or, for school-aged children, a mixture of full-time and part-time care).
- Sum the total subsidy costs for the given stage.

The cost model for Stage One assumes that subsidies are distributed among center-based and home-based providers and among Texas Rising Star levels at current frequencies. These distributions are reported in Table E9 and Table E10.

Beginning with Stage Two, the expansion of the number of subsidies available at the true cost of care should lower barriers to participation in CCS. Moreover, a large increase in the number of providers accepting subsidies will be necessary to accommodate the number of subsidies provided during Stage Two and Stage Three. Thus, the models for these stages use the distribution of total statewide child care *capacity* across program types as of August 2022. xiii

Table E9: Assumed Distribution of Subsidies Across Program Types

Recommendation	Center^	Licensed Home	Registered Home
Stage One	97.3%	1.6%	1.1%
Stage Two/Three	95.8%	1.6%	2.6%

Notes: ^For the purposes of this table, military-based care is a "center" at Stage One. This represents about one-tenth of one percent of Stage One subsidies.

Stage One figurers come from TWC's "Child Care by the Numbers" annual data, available at:

https://www.twc.texas.gov/programs/child-care-numbers

Stage Two/Three figures use the Texas Department of Family and Protection Services' "Search for Child-Care Operation" tool, available at:

https://www.dfps.state.tx.us/Child_Care/Search_Texas_Child_Care/ppFacilitySearchDayCare.asp

These models also assume that programs that begin to accept subsidies will be eligible for Two-Star reimbursements while Texas determines the child care program's appropriate level. Thus, the models assume a distribution of child care capacity among Texas Rising Star levels that mirrors that observed in the Texas Director Survey, with programs that did not accept subsidies counted as Two-Star programs.

xiii These capacities were computed using the Texas Department of Family and Protection Services' "Search for Child-Care Operation" tool, available at:

https://www.dfps.state.tx.us/Child_Care/Search_Texas_Child_Care/ppFacilitySearchDayCare.asp

Notably, this means that the Stage Two and Stage Three models assume a substantial, short-term decrease in the percentage of child care programs participating in CCS that receive Three-Star and Four-Star ratings. As newly CCS-participating child care programs receive their Texas Rising Star levels, Texas should revise the distribution appropriately.

Table E10: Assumed Distribution of Subsidies Across Programs by Texas Rising Star Level

Recommendation	Age Group	Two Star	Three Star	Four Star
	Infant	21.0%	28.2%	50.8%
Stage One	Toddler	14.1%	25.3%	60.6%
Stage One	Preschool	12.6%	23.6%	63.8%
	School age	19.1%	19.3%	61.6%
Stage Two/Three	All	71.8%^	4.9%	23.2%

[^]Stage Two/Three figures includes capacities of programs that do not currently participate in the Texas Rising Star program as if they were Two-Star centers.

Sources: Stage One figures come from TWC's "Child Care by the Numbers" annual data, available at: https://www.twc.texas.gov/programs/child-care-numbers. Stage Two/Three figures come from the Directors Survey.

In all cost models, subsidized infants, toddlers, and children in preschool receive 260 days of full-time child care. School-aged children receive 180 days of part-time child care to cover school days, as well as 80 days of full-time care to cover school holidays and breaks.

Table E11 reports the overall cost of all subsidies for each implementation stage. In 2021, TWC budgeted roughly \$871 million from state and federal sources to cover the cost of the subsidy program, with a budgeted allotment of 105,000 subsidies. The last column of Table E11 subtracts this budgeted amount from the overall program cost to reflect the marginal increase in costs.

Table E11: Overall Cost of CCS Program by Implementation Stage

Implementation	Total Subsidies	Overall	Cost over 2021
Stage	Needed	Program Cost	Spending
Stage One	140,000	\$1,639,579,716	\$768,292,054
Stage Two	555,435	\$6,468,902,683	\$5,597,615,021
Stage Three (Total)	991,419	\$9,585,764,291	\$8,714,476,629

Appendix F: Summary of Responses to the Texas Director Survey

Section 1: Child care operation information

Question 1.2

What age of children does [OPERATION NAME] serve? Please select all that apply.

Answer Choice	Number (n=816)	Percent
A. Infants (age birth – 17 months)	623	76.35%
B. Toddlers (age 18 months – 35 months)	747	91.54%
C. Preschool (age 3 years – 4 years)	767	94.00%
D. School age (age 5 years and older)	627	76.84%

Question 1.3

Is your operation nationally accredited? Please select all that apply.

Answer Choice	Number (n=795)	Percent
A. No [Make answer exclusive]	699	87.92%
B. Yes – NAEYC (National Association for the Education of Young Children)	55	6.92%
C. Yes - NAFCC (National Association for Family Child Care)	22	2.77%
D. Yes – Something else:	27	3.40%

Question 1.4A [REQUIRED]

The list below contains special types of child care operations. Please select whether your program is any of the following. Please select all that apply.

Answer Choice	Number (n=816)	Percent
A. My program is a Head Start or Early Head Start program	66	8.09%
B. My program is a Public PreK program	58	7.11%
C. My program <u>only</u> provides drop-in care	0	0%
D. My program <u>only</u> provides summer or school vacation care (e.g., summer camp, spring break camps, etc.)	0	0%
E. None of these are true for my program [Make answer exclusive]	703	86.15%

Note: Programs that only provide drop-in care (C) or only provide summer or school vacation care (D) were excluded from the Workforce and Industry Experience samples

Question 1.4B [REQUIRED]

Which of the following describe the times that you offer child care? Please select all that apply.

Answer Choice	Number (n=816)	Percent
A. We offer full-day care on weekdays	729	89.34%
B. We offer part-day care on weekdays	258	31.62%
C. We offer before and/or after school care on weekdays	366	44.85%
D. We offer care on weekends	38	4.66%
E. We offer care overnight	16	1.96%

Question 1.4C [Display if 1.4B = "We offer full-day care on weekdays" OR "We offer part-day care on weekdays" is selected]

Which of the following describes the number of weekdays that children enroll in care at your program? Please select all that apply.

Answer Choice	Number (n=816)	Percent
A. Children enroll in 5 day per week care	754	92.40%
B. Children enroll in 3 day per week care	229	28.06%
C. Children enroll in 2 day per week care	178	21.81%
D. Something else, please describe	44	5.39%

Question 1.5 [REQUIRED]

How many teachers/caregivers work at your operation as of today, NOT including yourself? Please include both full and part time staff. Also, include only teachers/caregivers, assistant teachers/caregivers and aides, teacher-directors, administrative directors, and other staff who work directly with children. Do not include bus drivers, cooks, or other staff who do not work directly with children.

Descriptive Statistics	Number of teachers at operation, not including director (n=816)
25 th percentile	1
50 th percentile	6
75 th percentile	12
Minimum	0
Maximum	50

Question 1.7Which of the following benefits do **you** have access to as a result of your job as a child care director?

Director Benefits	Number	Percent	n
Health Insurance	222	31.14%	713
Life Insurance	203	29.04%	699
Dental Insurance	206	29.51%	698
Vision Insurance	195	28.14%	693
Flexible Spending Account (FSA)	84	12.92%	650
Health Savings Account (HSA)	71	11.04%	643
Paid Sick Leave	345	48.25%	715
Paid Parental Leave	97	15.18%	639
Paid Vacation/Holidays	546	72.03%	758
Retirement Account (401k, etc.)	163	24.44%	667
Discounted or Free Child Care Slot(s)	420	60.43%	695
Complimentary Meals	277	41.53%	667

Question 1.8A [Skip if the input is 0 for Q1.5 (no other teaching staff at operation)]

Which of the following benefits do <u>full-time and/or part-time teaching staff</u> have access to? Please select all that apply

Full-Time Staff

Full-Time Teaching Staff Benefits	Number	Percent	n
Health Insurance	181	32.26%	561
Life Insurance	171	30.70%	557
Dental Insurance	175	31.42%	557
Vision Insurance	168	30.32%	554
Flexible Spending Account (FSA)	70	13.44%	521
Health Savings Account (HSA)	73	13.98%	522
Paid Sick Leave	292	50.34%	580
Paid Parental Leave	91	17.50%	520
Paid Vacation/Holidays	478	78.75%	607
Retirement Account (401k, etc.)	146	27.39%	533
Discounted or Free Child Care Slot(s)	431	73.17%	589
Complimentary Meals	274	49.64%	552

Part-Time Staff

Part-Time Teaching Staff Benefits	Number	Percent	n
Health Insurance	50	10.64%	470
Life Insurance	52	11.13%	467
Dental Insurance	52	11.21%	464
Vision Insurance	51	10.90%	468
Flexible Spending Account (FSA)	21	4.67%	450
Health Savings Account (HSA)	21	4.66%	451
Paid Sick Leave	133	27.82%	478
Paid Parental Leave	30	6.67%	450
Paid Vacation/Holidays	226	45.84%	493
Retirement Account (401k, etc.)	59	12.94%	456
Discounted or Free Child Care Slot(s)	296	59.80%	495
Complimentary Meals	212	44.54	476

Question 1.10A

Does your operation currently offer a one-time signing bonus to newly-hired teachers?

Answer Choice	Number	Percent
A. Yes	77	9.51%
B. No	561	69.26%
C. Not applicable – we are not currently hiring	172	21.23%
Total	810	100%

Question 1.10B [Skip if the input is B or C for Q1.10A (operation has not offered signing bonuses)] What is the typical amount of the one-time signing bonus offered to newly hired teachers?

Descriptive Statistics	Signing Bonus Amount (\$) (n=73)
25 th percentile	\$200
50 th percentile	\$300
75 th percentile	\$500
Minimum	\$0
Maximum	\$3000

Question 1.10C

Does your operation currently offer a longevity or retention bonus to teachers?

Answer Choice	Number	Percent
A. Yes	177	21.88%
B. No	498	61.56%
C. Not applicable – I have no other staff	134	16.56%
Total	809	100%

Question 1.10D [Skip if the input is "no" for 1.10C (operation has not offered retention bonuses)] How much is the longevity or retention bonus for teachers?

Descriptive Statistics	Signing Bonus Amount (\$) (n=73)
25 th percentile	\$120
50 th percentile	\$480
75 th percentile	\$1000
Minimum	\$0
Maximum	\$6,000

This section (Q1.11-1.16) was presented to directors of licensed centers only

Question 1.11 [REQUIRED]

How many teachers at your operation have Texas Early Childhood Professional Development System (TECPDS) Workforce Registry accounts?

Answer Choice	Number	Percent
A. 76% to 100%	107	18.94%
B. 51% to 75%	21	3.72%
C. 26% to 50%	15	2.65%
D. 1 to 25%	82	14.51%
E. None, or 0%	168	29.73%
F. I don't know	172	30.44%
Total	565	100%

Question 1.12

How many teachers at your operation have Children's Learning Institute (CLI) Engage accounts?

Answer Choice	Number	Percent
A. 76% to 100%	115	20.43%
B. 51% to 75%	24	4.26%
C. 26% to 50%	26	4.62%
D. 1 to 25%	73	12.97%
E. None, or 0%	166	29.48%
F. I don't know	159	28.24%
Total	563	100%

Question 1.13

Which of the following describes <u>the primary way</u> that teaching staff at your operation obtain their professional development hours?

Answer Choice	Number	Percent
A. Trainings are hosted by my operation (e.g., on a day that the children are not there or after hours)	308	57.04%
B. On their own (e.g., selecting online or in-person trainings and attending on a day off or after hours)	232	42.96%
Total	540	100%

Question 1.14

Does your operation pay staff for the time they spend on professional development (i.e., count the training time as work hours)? Please select the option that is **most true** for your operation.

Answer Choice	Number	Percent
A. We are <u>unable</u> to pay staff OR we <u>do not</u> pay staff for the time they spend obtaining any of their professional development hours	86	15.58%
B. We pay staff for <u>some</u> , <u>but not all</u> of the time they spend obtaining their <u>required</u> professional development hours	130	23.55%
C. We pay staff for <u>all</u> of the time they spend obtaining their <u>required</u> professional development hours <u>but do not</u> pay staff for any <u>additional</u> professional development hours	158	28.62%
D. We pay staff for <u>all</u> of the time they spend obtaining their <u>required</u> professional development <u>and</u> additional hours	176	31.88%
E. Something else, please describe	2	0.36%
Total	552	100%

Question 1.15A

We would like to know what topics of professional development are most relevant to you and/or your staff and what is available for you and your staff to access in your area (including what you can access online)

Professional Development Topics	Number	Percent	n
As of today, would attending a training on this topic be beneficial to you and/or your staff?			
Child growth and development	518	97.19%	533
Supporting children with special needs	500	93.81%	533
Addressing challenging behaviors	529	98.33%	538
Responsive interactions and guidance	516	97.73%	528
Learning environments, planning framework, curriculum, and standards	508	96.58%	526
Content pedagogy and instructional support (i.e., literacy, math, etc.)	445	85.58%	520
Supporting student skill development	489	93.50%	523
Observation and assessment	482	92.51%	521
Diversity, equity, and inclusion	477	91.55%	521
Supporting Dual/Multiple Language Learners	422	81.94%	515
Family and community relationships	477	91.38%	522
Health, safety, and nutrition	494	93.38%	529
Professionalism and ethics	505	95.28%	530
Staff mental health and wellbeing	497	94.85%	524
Business operations (administration, HR, recruitment and marketing, etc.)	436	83.37%	523
As of today, can you <u>access</u> this professional development topic?			
Child growth and development	495	96.68%	512
Supporting children with special needs	439	85.58%	513
Addressing challenging behaviors	468	91.05%	514
Responsive interactions and guidance	462	91.49%	505
Learning environments, planning framework, curriculum, and standards	456	90.12%	506
Content pedagogy and instructional support (i.e., literacy, math, etc.)	382	76.86%	497
Supporting student skill development	422	84.06%	502
Observation and assessment	442	88.05%	502
Diversity, equity, and inclusion	427	86.26%	495
Supporting Dual/Multiple Language Learners	346	70.33%	492
Family and community relationships	429	85.97%	499
Health, safety, and nutrition	472	93.65%	504
Professionalism and ethics	437	87.40%	500
Staff mental health and wellbeing	390	77.69%	502
Business operations (administration, HR, recruitment and marketing, etc.)	374	75.10%	498

Question 1.15B

What barrier(s) prevent(s) staff at your operation from accessing professional development on topics that would most benefit them? Select all that apply.

Barriers to Professional Development	Number (n=226)	Percent
A. Cost	109	48.23%
B. Time of trainings is not convenient. Convenient times would be:	93	41.15%
C. Availability of trainers	65	28.76%
D. Availability of technology resources	38	16.81%
E. Lack of administrator support	11	4.87%
F. Lack of access to substitute teachers	112	49.56%
G. Location of trainings. Convenient location would be:	80	35.40%
H. Online training is not available	28	12.39%
I. Level of training content does not match experience level	30	13.27%
J. Personal barriers, such as lack of child care for own children, lack of transportation, etc.	78	34.51%
K. Trainings not available in primary language of staff. Languages we need:	20	8.85%
L. Something else, please describe:	15	6.64%
M. None [Make answer exclusive]	23	10.18%

Question 1.16

Overall, teachers at my operation can access high-quality professional development opportunities to continue developing their skills as an early childhood educator.

Answer Choice	Number	Percent
A. Strongly Agree	248	45.59%
B. Agree	251	46.14%
C. Disagree	40	7.35%
D. Strongly Disagree	5	0.92%
Total	544	100%

This section (Q1.17A-1.17C) was presented to directors of licensed or registered homes only

Question 1.17A

We would like to know what topics of professional development are most relevant to you and what is available for you to access in your area (including what you can access online).

Professional Development Topics	Number	Percent	n
As of today, would attending a training on this topic be <u>beneficial</u> to you and/or your staff?			
Child growth and development	202	90.58%	223
Supporting children with special needs	177	81.94%	216
Addressing challenging behaviors	201	89.73%	224
Responsive interactions and guidance	189	86.30%	219
Learning environments, planning framework, curriculum, and standards	193	86.94%	222
Content pedagogy and instructional support (i.e., literacy, math, etc.)	142	67.62%	210
Supporting student skill development	165	76.74%	215
Observation and assessment	175	80.28%	218
Diversity, equity, and inclusion	166	78.67%	211
Supporting Dual/Multiple Language Learners	137	64.62%	212
Family and community relationships	177	82.33%	215
Health, safety, and nutrition	183	85.92%	213
Professionalism and ethics	170	80.57%	211
Staff mental health and wellbeing	162	76.42%	212
Business operations (admin., HR, recruitment and marketing, etc.)	166	76.15%	218
As of today, can you <u>access</u> this professional development topic?			
Child growth and development	180	89.11%	202
Supporting children with special needs	153	79.69%	192
Addressing challenging behaviors	168	85.28%	197
Responsive interactions and guidance	158	83.16%	190
Learning environments, planning framework, curriculum, and standards	149	79.68%	187
Content pedagogy and instructional support (i.e., literacy, math, etc.)	123	67.96%	181
Supporting student skill development	138	74.59%	185
Observation and assessment	142	77.60%	183
Diversity, equity, and inclusion	147	79.89%	184
Supporting Dual/Multiple Language Learners	114	61.96%	184
Family and community relationships	147	79.03%	186
Health, safety, and nutrition	176	91.19%	193
Professionalism and ethics	147	79.46%	185
Staff mental health and wellbeing	130	69.89%	186
Business operations (administration, HR, recruitment and marketing, etc.)	122	64.89%	188

Question 1.15B

What barrier(s) prevent(s) you at your operation from accessing professional development on topics that would most benefit you? Select all that apply.

Barriers to Professional Development	Number (n=100)	Percent
A. Cost	49	49.00%
B. Time of trainings is not convenient. Convenient times would be:	47	47.00%
C. Availability of trainers	13	13.00%
D. Availability of technology resources	9	9.00%
E. Lack of administrator support	8	8.00%
F. Lack of access to substitute teachers	21	21.00%
G. Location of trainings. Convenient location would be:	40	40.00%
H. Online training is not available	24	24.00%
I. Level of training content does not match experience level	11	11.00%
J. Personal barriers, such as lack of child care for own children, lack of transportation, etc.	7	7.00%
K. Trainings not available in primary language of staff. Languages we need:	4	4.00%
L. Something else, please describe:	6	6.00%
M. None [Make answer exclusive]	14	14.00%

Question 1.17C

Overall, I can access high-quality professional development opportunities to continue developing my skills as an early childhood educator.

Answer Choice	Number	Percent
A. Strongly Agree	115	47.72%
B. Agree	105	43.57%
C. Disagree	20	8.30%
D. Strongly Disagree	1	0.41%
Total	241	100%

The following sections were presented to all directors

Question 1.18A

Please mark how familiar you are with the following tools to search for and schedule professional development opportunities.

1 11		
Familiarity with Professional Development Tools	Number	Percent
AgriLife Extension Courses		
I have never heard of this resource	43	5.51%
I have heard of this resource, but I have never used it	37	4.74%
I have heard of this resource, but I cannot access them	10	1.28%
I have used this resource	690	88.46%
Total	780	100%
Children's Learning Institute (CLI) Engage		
I have never heard of this resource	227	30.11%
I have heard of this resource, but I have never used it	143	18.97%
I have heard of this resource, but I cannot access them	18	2.39%
I have used this resource	366	48.54%
Total	754	100%
Early Childhood Intervention (ECI) Online		
I have never heard of this resource	172	23.03%
I have heard of this resource, but I have never used it	235	31.46%
I have heard of this resource, but I cannot access them	59	7.90%
I have used this resource	281	37.62%
Total	747	100%
Regional Education Service Centers		
I have never heard of this resource	336	45.78%
I have heard of this resource, but I have never used it	160	21.80%
I have heard of this resource, but I cannot access them	56	7.63%
I have used this resource	182	24.80%
Total	734	100%
TECPDS Training Registry		
I have never heard of this resource	263	35.83%
I have heard of this resource, but I have never used it	197	26.84%
I have heard of this resource, but I cannot access them	37	5.04%
I have used this resource	237	32.29%
Total	734	100%
Texas Education Agency (TEA) Monthly Seminars		
I have never heard of this resource	221	30.07%
I have heard of this resource, but I have never used it	301	40.95%
I have heard of this resource, but I cannot access them	60	8.16%
I have used this resource	153	20.82%
Total	735	100%

Familiarity with Professional Development Tools	Number	Percent
Texas Workforce Commission (TWC) / WorkSource		
I have never heard of this resource	53	6.90%
I have heard of this resource, but I have never used it	151	19.66%
I have heard of this resource, but I cannot access them	47	6.12%
I have used this resource	517	67.32%
Tot	al 768	100%

Question 1.19

In your opinion, what would be the ideal starting **hourly wage** to pay a full-time child care lead teacher to pay them fairly for their work (Use decimal points if needed).

Descriptive Statistics	Hourly Wage (\$) (n=731)
25 th percentile	\$13
50 th percentile	\$15
75 th percentile	\$18
Minimum	\$7.25
Maximum	\$35

Question 1.20

If you provided this wage to your staff, what would the impact on your operation be? Please select all that apply.

Answer Choice	Number	Percent	n
A. Full-time, lead teachers already make this wage, or more, at my	115	18.67%	616
operation [Make answer exclusive]			
B. We could not afford to stay in business	222	44.31%	501
C. We would have to raise tuition	399	79.64%	501
D. Workers would stay longer / turnover would decrease	316	63.07%	501
E. We would attract higher quality staff	361	72.06%	501
F. We would have to cut or reduce benefits for staff	47	9.38%	501
G. We would have to reduce compensation for non-caregiving staff	30	5.99%	501
H. We would have to accept fewer families who pay through subsidies	108	21.56%	501
I. We would have to cut back on extra training or professional	59	11.78%	501
development opportunities	39	11.7070	501
J. Something else, please describe	21	4.19%	501

Note: For item A, percentage is calculated out of the total number of directors who responded to this question (n=616); for items B-J, percentages are calculated out of the number of directors who report that teaching staff at their operation are not currently paid their ideal wage (n=501).

Question 1.21

When you need to <u>hire additional caregiving staff</u>, which of the following are <u>major</u> <u>challenges</u> you face in the current market? Select all that apply

Answer Choice	Number	Percent	n
A. People do not want to work in child care	348	52.97%	657
B. Wages are too low to attract quality staff	505	76.86%	657
C. Other job opportunities pay more than we can	457	69.56%	657
D. We cannot find qualified candidates	411	62.56%	657
E. Something else, please describe:	58	8.83%	657
F. We do not face any major challenges to hiring [Make answer exclusive]	17	2.59%	657
G. Not applicable; we do not need to hire additional caregiving staff [Make answer exclusive]	108	14.12	765

Note: For item G, percentage is calculated out of the total number of directors who responded to this question (n=765); for items A-F, percentages are calculated out of the number of directors who report needing to hire additional caregiving staff (n=657).

Question 1.22A

To what extent would the following factors help to reduce turnover of high-quality teachers at child care operations in your area?

Answer Choice	Number	Percent		
Increasing pay, as needed, to ensure teachers make a living wage (e.g., \$1	Increasing pay, as needed, to ensure teachers make a living wage (e.g., \$15/hr depending on			
the area)				
A lot	597	81.56%		
Somewhat	90	12.30%		
A little	27	3.69%		
Not at all	18	2.46%		
Total	732	100%		
Offering more benefits, such as health insurance				
A lot	479	66.25%		
Somewhat	154	21.30%		
A little	43	5.95%		
Not at all	47	6.50%		
Total	723	100%		
Offering more paid time off (i.e., paid vacation or sick days)				
A lot	422	59.19%		
Somewhat	169	23.70%		
A little	70	9.82%		
Not at all	52	7.29%		
Total	713	100%		

Answer Choice	Number	Percent
Decreasing the staff to child ratio (i.e., more teachers)		
A lot	290	41.43%
Somewhat	183	26.14%
A little	102	14.57%
Not at all	125	17.86%
Total	700	100%
Increasing the amount of time teachers have for planning		
A lot	273	39.22%
Somewhat	218	31.32%
A little	127	18.25%
Not at all	78	11.21%
Total	696	100%
Increasing the number of breaks a teacher can take during the day		
A lot	181	26.31%
Somewhat	200	29.07%
A little	179	26.02%
Not at all	128	18.60%
Total	688	100%
Increasing opportunities for free or low-cost continuing education		
A lot	349	49.72%
Somewhat	172	24.50%
A little	110	15.67%
Not at all	71	10.11%
Total	702	100%
Providing more career advancement opportunities		
A lot	357	50.35%
Somewhat	209	29.48%
A little	95	13.40%
Not at all	48	6.77%
Total	709	100%

Section 2: Director Information

Director Demographic Characteristics

Question 2.1 [REQUIRED]

Do you consider yourself to be one or more of the following? Select all that apply.

Race/Ethnicity	Number	Percent
A. Hispanic, Latina/o/x, or Spanish origin	151	28.54%
B. White, non-Hispanic	221	41.78%
C. Black, non-Hispanic	117	22.12%
D. Asian	17	3.21%
E. Arab or Middle Eastern	1	0.19%
F. Native Hawaiian or Other Pacific Islander		0%
G. Native American or Alaska Native		0%
H. Other	5	0.95%
I. Multiracial	17	3.21%
Total	529	100%

Note: Directors could select all that apply, but values in the table above reflect recoding of individuals so that they only appear once in the table above (e.g., a Director who selected both Asian and Other would be represented as Multiracial in the table above. Directors who identified as White-Hispanic were recoded as Hispanic.)

Question 2.2 [REQUIRED]

With what gender do you identify?

Answer Choice		Percent
A. Woman	513	96.98%
B. Man	13	2.46%
C. Nonbinary	0	0%
D. Something else:	1	0.19%
E. Prefer not to disclose	2	0.38%
Total	529	100%

Director Education & Experience

Question 2.3 [REQUIRED]

What is the highest level of education that you have completed?

Answer Choice	Number	Percent
A. Less than a high school diploma or equivalent	1	0.19%
B. High school diploma or equivalent (GED)	61	11.53%
C. Some college, but no degree	115	21.74%
D. Specialized Trade Certification or Vocational Degree, such as a	80	15.12%
Child Development Associate (CDA) credential	80	13.12%
Associate's degree	77	14.56%
Bachelor's degree (BA, BS, AB, etc.)	126	23.82%
Master's degree		11.34%
Doctoral degree	9	1.70%
Total	529	100%

Question 2.4 [Display if answer E, F, G, or H is selected for question 2.3]

Does your [type of degree] pertain to child development or early childhood education, or a related field? Related fields include degrees such as nursing, psychology, elementary education, social work, speech pathology, or special education.

Answer Choice		Percent
A. Yes	200	73.53%
B. No	72	26.47%
Total	272	100%

Question 2.5 [REQUIRED]

We want to learn about the additional early childhood education credentials you have. Please select all of the credentials, certificates, or certifications you have, if any.

Early Childhood Education Credentials	Number (n=529)	Percent
A. Child and Youth Care (CYC) Certification	16	3.02%
B. Child Care Director's Credential	354	66.92%
C. Child Care Health Consultant (CCHC)	3	0.57%
D. Child Care Professional (CCP)	26	4.91%
E. Child Development Associate (CDA)	137	25.90%
F. CIRCLE Foundation Training – I&T	17	3.21%
G. CIRCLE Foundation Training – PreK	45	8.51%
H. EC Technical Certificate	5	0.95%
I. Family Life Educator Certification (CFLE)	5	0.95%
J. Infant-Toddler Specialist (ITSN) Certification	13	2.46%
K. Montessori Credential	25	4.73%
L. Program for Infant/Toddler Care (PITC) Certification	12	2.27%
M. State Teacher Certification	44	8.32%
N. First3Years Infant Mental Health Endorsement	9	1.70%
O. Texas Certification – Art	3	0.57%
P. Texas Certification – Bilingual Education	10	1.89%
Q. Texas Certification – Computer Science and Technology Applications	3	0.57%
R. Texas Certification - Core Subjects	15	2.84%
S. Texas Certification – Counselor	4	0.76%
T. Texas Certification – Educational Diagnostician	4	0.76%
U. Texas Certification – English Language Arts and Reading	12	2.27%
V. Texas Certification – English as a Second Language	14	2.65%
W. Texas Certification - Generalist	31	5.86%
X. Texas Certification – Gifted and Talented	5	0.95%
Y. Texas Certification – Health	4	0.76%
Z. Something else, please describe:	64	12.10%
AA. None of the above [Make answer exclusive]	74	13.99%

Question 2.6

Do you speak more than one language to interact with children in the classroom(s) and/or communicate with parents?

Answer Choice		Percent
A. Yes, I speak two languages	177	33.71%
B. Yes, I speak more than two languages	12	2.29%
C. No, I speak one language	336	64.00%
Total	525	100%

Question 2.7

How long have you worked at [OPERATION NAME] as the director?

Descriptive Statistics	Number of years (n=490)
25 th percentile	3
50 th percentile	8.5
75 th percentile	18
Minimum	0
Maximum	47

Question 2.8

How many total years of early childhood education / child care experience do you have?

Descriptive Statistics	Number of Years (n=528)
25 th percentile	12
50 th percentile	20
75 th percentile	30
Minimum	0
Maximum	50

Director Compensation and Work Hours

Question 2.9

In a typical week, approximately how many hours do you work?

Descriptive Statistics	Number of Hours (n=527)
25 th percentile	45
50 th percentile	50
75 th percentile	60
Minimum	7
Maximum	81

Question 2.11 – 2.12

What is your hourly rate/annual salary?

Descriptive Statistics	Hourly Wage (n=483)
25 th percentile	\$13.00
50 th percentile	\$16.00
75 th percentile	\$21.33
Minimum	\$7.14
Maximum	\$72.00

Note: Hourly wages were included as entered. Annual salary was converted to hourly wage based on the number of hours per week directors reported working in Question 2.9

Director Online Professional Development Accounts

Question 2.13 [REQUIRED]

Do you have a Texas Workforce Registry Account with Texas Early Childhood Professional Development System (TECPDS) in which you are listed as director and staff can link their account to your operation/center?

Answer Choice	Number	Percent
A. Yes	213	40.26%
B. No	119	22.50%
C. I have a Texas Workforce Registry Account, but I have not applied to be the director on my account	25	4.73%
D. I am not sure	172	32.51%
Total	529	100%

Question 2.15

Do you have a Children's Learning Institute (CLI) Engage account?

Answer Choice	Number	Percent
A. Yes	227	43.07%
B. No	219	41.56%
C. I am not sure	81	15.37%
Total	527	100%

Section 3: Teacher Information

Teacher Demographic Characteristics

Question 3.2

What best describes [TEACHER#]'s role at your operation?

Answer Choice	Number	Percent
A. Lead teacher/caregiver – Staff responsible for a designated classroom or group of children. Staff may or may not supervise other	2,087	57.23%
staff members	2,007	07.2070
B. Assistant teacher/caregiver – Staff who support the lead	953	26.13%
teacher/caregiver for a designated classroom or group of children	000	20.1370
C. Floater/rotating assistant – Staff not responsible for one designated		
classroom or group of children. Staff may offer support in a variety of	607	16.64%
capacities as needed		
Total	3,647	100%

Question 3.3

What age of children does [TEACHER#] work with? Please select all that apply.

Answer Choice	Number (n=3698)	Percent
A. Infants (age birth – 17 months)	1,418	38.35%
B. Toddlers (age 18 months – 35 months)	1,785	48.27%
C. Preschool (age 3 years – 4 years)	1,752	47.38%
D. School age (age 5 years and older)	1,117	30.21%

Question 3.4

Does [TEACHER#] consider themselves to be one or more of the following? Select all that apply

Race/Ethnicity	Number	Percent
A. Hispanic, Latina/o/x, or Spanish origin	1,579	44.04%
B. White, non-Hispanic	1,119	31.21%
C. Black, non-Hispanic	695	19.39%
D. Asian	74	2.06%
E. Arab or Middle Eastern	57	1.59%
F. Native Hawaiian or Other Pacific Islander	7	0.20%
G. Native American or Alaska Native	2	0.06%
H. Other	4	0.11%
I. Multiracial	48	1.34%
Total	3,585	100%

Note: Directors could select all that apply, but values in the table above reflect recoding of educator race so that they only appear once in the table above (e.g, an educator who was reported to be both Asian and Other would be represented as Multiracial in the table above. Educators who were reported as White-Hispanic were recoded as Hispanic.)

Question 3.5

To the best of your knowledge, what gender does [TEACHER#] identify?

Answer Choice	Number	Percent
A. Woman	3,558	96.21%
B. Man	113	3.06%
C. Nonbinary	7	0.19%
D. Something Else:	0	0%
E. I don't know what gender [TEACHER#] identifies with	12	0.32%
F. Prefer not to disclose	8	0.22%
Total	3,698	100%

Teacher Education and Experience

Question 3.6 [REQUIRED]

What is the highest level of education that [TEACHER#] has completed?

Answer Choice	Number	Percent
A. Less than a high school diploma or equivalent	64	1.73%
B. High school diploma or equivalent (GED)	1,710	46.24%
C. Some college, but no degree	703	19.01%
D. Specialized Trade Certification or Vocational Degree, such as Child	283	7.65%
Development Associate (CDA) credential	200	7.0370
E. Associate's Degree	254	6.87%
F. Bachelor's Degree (BA, BS, AB, etc.)	449	12.14%
G. Master's Degree	65	1.76%
H. Doctoral Degree	1	0.03%
I. Unsure	169	4.57%
Total	3698	100%

Question 3.7 [REQUIRED] [Display if answer E, F, G, or H is selected for question 3.6]

Does [TEACHER#] 's highest level of education pertain to child development or early

childhood education, or a related field? Related fields include nursing, psychology, elementary education, social work, speech pathology, or special education.

Answer Choice		Number	Percent
A. Yes		512	66.58%
B. No		213	27.70%
C. Unsure		44	5.72%
T	otal	769	100%

Question 3.8

Is [TEACHER#] currently enrolled in a degree or certification program?

Answer Choice	Number	Percent
A. Yes	725	19.78%
B. No	2,598	70.89%
C. Unsure	342	9.33%
Total	3,665	100%

Question 3.9 [REQUIRED]

We want to learn about the additional early childhood education credentials [TEACHER#] has. Please select all of the credentials, certificates, or certifications [TEACHER#] has, if any.

Early Childhood Education Credentials	Number (n=3690)	Percent
A. Child and Youth Care (CYC) Certification	29	0.79%
B. Child Care Director's Credential	127	3.44%
C. Child Care Health Consultant (CCHC)	3	0.08%
D. Child Care Professional (CCP)	43	1.17%
E. Child Development Associate (CDA)	530	14.36%
F. CIRCLE Foundation Training – I&T	35	0.95%
G. CIRCLE Foundation Training – PreK	52	1.41%
H. EC Technical Certificate	12	0.33%
I. Family Life Educator Certification (CFLE)	4	0.11%
J. Infant-Toddler Specialist (ITSN) Certification	13	0.35%
K. Montessori Credential	64	1.73%
L. Program for Infant/Toddler Care (PITC) Certification	6	0.16%
M. State Teacher Certification	92	2.49%
N. First3Years Infant Mental Health Endorsement	0	0%
O. Texas Certification – Art	10	0.27%
P. Texas Certification – Bilingual Education	7	0.19%
Q. Texas Certification – Computer Science and Technology Applications	1	0.03%
R. Texas Certification – Core Subjects	24	0.65%
S. Texas Certification – Counselor	1	0.03%
T. Texas Certification – Educational Diagnostician	1	0.03%
U. Texas Certification – English Language Arts and Reading	5	0.14%
V. Texas Certification – English as a Second Language	6	0.16%
W. Texas Certification – Generalist	30	0.81%
X. Texas Certification – Gifted and Talented	1	0.03%
Y. Texas Certification – Health	15	0.41%
Z. Something else, please describe:	142	3.85%
AA. None of the above [Make answer exclusive]	1,957	53.04%
BB. Unsure [Make answer exclusive]	670	18.16%

Question 3.10

Does [TEACHER#] speak more than one language to interact with children in the classroom(s) and/or communicate with parents?

Answer Choice	Number	Percent
A. Yes, they speak two languages	1,448	40.66%
B. Yes, they speak more than two languages	84	2.36%
C. No, they speak one language	2,029	56.98%
Total	3,561	100%

Question 3.11

How long has [TEACHER #] worked at [OPERATION NAME] in their current role?

Descriptive Statistics	Years at operation in current role (n=2,670)
25 th percentile	1
50 th percentile	3
75 th percentile	6
Minimum	0
Maximum	55

Question 3.12

How many total years of child care experience does [TEACHER #1] have?

Answer Choice		Number	Percent
A. Less than 1 year		570	16.43%
B. 1-5 years		1,447	41.71%
C. 6-10 years		621	17.90%
D. 11-15 years		316	9.11%
E. 16-20 years		233	6.72%
F. More than 20 years		282	8.13%
·	Total	3,469	100%

Note: Respondents selected the teacher's number of years of child care experience from a drop down list of numbers; Those years of experience were re-coded into the bins in the table above.

Teacher Compensation and Work Hours

Question 3.13

About how many hours per week does [TEACHER #] work?

Descriptive Statistics	Hours per week (n=3,622)
25 th percentile	32
50 th percentile	40
75 th percentile	40
Minimum	1
Maximum	81

Question 3.14-Question 3.15

What is [TEACHER #]'s hourly wage/annual salary?

Descriptive Statistics	Hourly wage (n=3,698)
25 th percentile	\$10
50 th percentile	\$12
75 th percentile	\$15
Minimum	\$7.08
Maximum	\$25

Note: Hourly wages were reported as entered. Annual salary was converted to hourly wage based on the number of hours per week directors reported the educator working in Question 2.9

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