

# The Child Care Crisis in Texas 2007 STATEWIDE SURVEY RESULTS



## Background Information

The child care subsidy program, managed by the Texas Workforce Commission (TWC) with funding from the federally-funded Child Care Development Block Grant (CCDBG) serves the **most at-risk children** in Texas. It is critical in supporting families making the transition from welfare to work. Licensed child care centers and home care providers are eligible to participate, receiving a reimbursement for a portion of the cost of care, while asking parents to contribute a co-payment.

Federal contributions to CCDBG and statewide reimbursement rates for child care providers participating in the subsidy program have been **held flat for the last five years**.<sup>1</sup> The federal government recommends setting reimbursement rates at the 75<sup>th</sup> percentile of the local market rate or above to ensure subsidized families have access to quality care options. However, providers in Texas receive rates that are sometimes 30-40% below the market rate.<sup>2</sup> As a result, the overwhelming majority of workforce development boards are forced to pay providers rates that are outdated, substandard, and insufficient to cover the costs needed to provide safe and sound care for the most at-risk children in Texas.

**“We are considering reducing the number of subsidy kids, eliminating hot healthful meals, dropping the social worker, adding a classroom, anything to keep the doors open.”**

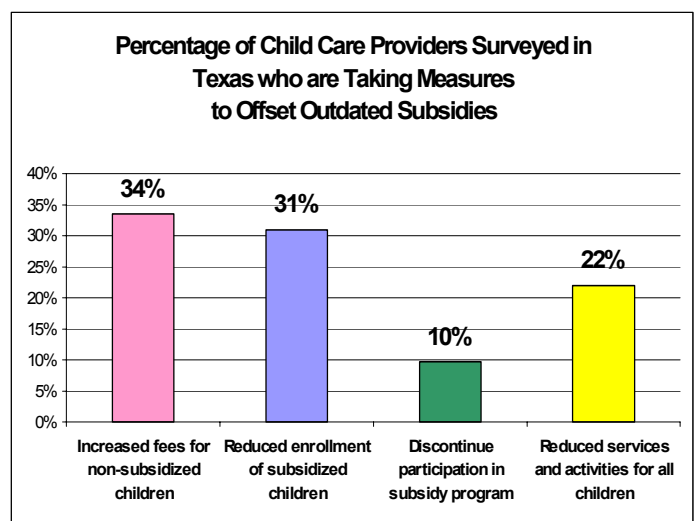
**—Austin Child Care Provider**

## The Survey

Collaborative for Children in Houston and the Texas Association of Child Care Resource and Referral Agencies (TACCRRRA), seeking to obtain input from child care centers about the effects of low reimbursement rates, prepared a survey for distribution to child care providers across the state. Agencies around the state who participated in distributing over 4,000 surveys included the United Way Capital Area Success by Six in Austin, Child Care Group in Dallas, Camp Fire USA First Texas Council in Fort Worth, Family Service Association in San Antonio and Children's Connections in Lubbock. **Responses were received from 402 child care providers, serving 37,765 Texas children, 7,169 of which are in the Texas child care subsidy program.**

Providers that participate in the subsidy system do so at a significant loss when compared to the actual cost of caring for an infant, toddler or preschool-age child. **The results are astounding:**

- (1) Providers concerned about the quality of the care are *reducing* their participation in the system
- (2) Providers are increasing their fees to non-subsidy families to make up for the loss as a result of serving subsidized children
- (3) Providers are continuing to serve low income children at the existing rates, which unavoidably impacts the health, safety and educational development of the children.



<sup>1</sup> National Women's Law Center Issue Brief, September, 2006

<sup>2</sup> NCI Working Paper: Gulf Coast Child Care Reimbursement Rates (May 24, 2006)

# What Texas Child Care Providers are Saying

**34% of providers increased tuition fees to parents not enrolled in the subsidy program**

"[We have] less field trips, increased enrollment fees and increased tuition..."  
- **Sherman Child Care Provider**

"All new children experienced a rate increase and we have just made the best with what toys and activities [we have] and use our imaginations all whole lot. I really need to purchase outside toys this year, but this is making me think of a rate increase again."  
- **Amarillo Child Care Provider**

**31% of providers had to reduce the enrollment of subsidized children**

"[We have had] enrollment reductions due to the inability to accept children that use subsidized care, due to the low rate NCI [local child care subsidy program] pays out." - **Houston Child Care Provider**

**10% of providers no longer participate in the subsidy program**

"Have never accepted CCMS [child care subsidy] at this school because the rates have always been too far below our tuition rates."-- **Irving Child Care Provider**

"The school will not be accepting any more subsidy children because the rates do not come close to covering our rates."- **Dallas Child Care Provider**

"I had to stop taking children from CCAS [local child care subsidy program]...the State of Texas wants to pay so little for childcare."- **Wichita Falls Child Care Provider**

**22% of providers had to reduce services or activities for children**

"All but one enrichment program has been eliminated, providing only basic services, gave up NAEYC<sup>3</sup> accreditation, reducing staff accordingly." -**Houston Child Care Provider**

"Staff hours have been cut to just bare minimum. Arts and crafts supplies have been reduced; I have been working 90 to 100 hours a week; janitorial has been cut back (I do it)...yard work or repairs have been done by me and my husband; all over expenditures have been cut back to keep our doors open." -**Eden Child Care Provider**

"... My prices for some parents are so low I really don't make any money at all trying to help those that can't afford childcare... Here lately, my state check has just been enough for paying my employees. If it wasn't for my food subsidy check I really wouldn't make it."- **Dallas Child Care Provider**

"This center operates on a sliding fee tuition program. Approximately 90% pay less than full fee...I like for my families to participate in CCMS [local child care subsidy program], but it is often difficult. Sometimes there is a waiting list of 300... and the parents feel like they cannot handle the co-pay and become discouraged. Research a few years ago showed Mason County as the seventh poorest county in the state and the only one not on the Mexico border. I definitely feel like more help is needed."- **Mason Child Care Provider**

"...We often laugh that it's a good thing we are faith based, because faith is the only thing that keeps us open...Our staff helps to subsidize low income children. We are always pinching pennies -- the director counts the number of paper towels children use and sometimes we can't afford supplies for the children. It's quite distressing."- **Austin Child Care Provider**

<sup>3</sup> NAEYC is the National Association for the Education of Young Children. Their accreditation program sets the norm for high-quality early education programs. The standards and criteria established for NAEYC-accredited programs are considered the best for children's optimal development and learning.

## The Need is Urgent

Longitudinal studies have consistently shown that young children who attend high quality early education programs learn language, social and practical skills that increase their chances for future academic and economic achievement.<sup>4</sup> In addition, according to the Bush School of Government and Public Service at Texas A&M University, **every \$1.00 invested in high quality early education programs saves Texas communities at least \$3.50.**

Texas has the fastest growing child population in the country and more and more children are growing up in poverty. **This survey data illustrates the urgent need to increase child care reimbursement rates to child care providers who serve the most at risk children in Texas.** Most of the child care centers surveyed continue to serve children in the subsidy program because their mission compels them to continue caring for children. Unfortunately, some have little choice but to close their doors because they can no longer afford to serve the children in their area, the majority of which are on the subsidy program.

As one child care center in the Houston area responded,  
**“We are closing this center as of April 13, 2007.”**

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<sup>4</sup> Pre-K and Latinos: The Foundation of America’s Future (Pre-K Now, 2006)