

THE COST OF Quality CHILD CARE STUDY:

A COMMUNITY RELEASE &
RECOMMENDATIONS

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Introduction

Many states and some cities and counties have undertaken cost of quality studies as Quality Rating and Improvement Systems (QRIS) have spread throughout the country. The Provider Cost of Quality Calculator (PCQC) is an online tool to support these efforts; it was developed for the federal Office of Child Care to estimate costs of quality under differing conditions.² The Texas cost of quality study involves 2 counties: Tarrant and Dallas.

The intent of the Fort Worth-Dallas Cost of Quality Study is to establish a true cost of quality for the area (Tarrant and Dallas Counties), specifically the cost of operating a facility utilizing the Texas Workforce Commission's Texas Rising Star Quality Rating Assessment. The primary goal is to estimate the cost of quality care, defined at each level of Texas Rising Star, in each county in centers which participate in the federal child care subsidy program.

What are the costs in ECE programs?

Early care and education (ECE) is a labor-intensive business. The primary costs are for personnel, primarily teaching staff. Staffing levels by age of child are set

in regulation. Nonpersonnel costs are typically 20-40% of total costs. Revenues are from public child care subsidy or private tuition, participation in the federal food and nutrition program (CACFP) and in some cases fundraising or donations such as free/reduced rent. Costs related to participation in Texas Rising Star (TRS) were determined initially by a group of well-informed providers and others in October 2015 and reviewed after changes to TRS took effect in October 2016. Their conclusion was that TRS standards contain few absolute cost drivers. It is possible to reach TRS Four Star Certification without earning points for teacher qualifications or group size reductions. TRS provides ample support to providers for the costs of improving learning environments, both in classrooms and outdoors, and tailored assistance through the mentoring programs of each county.

How the expenses and revenues were determined for the Tarrant-Dallas Cost of Quality Study

Some of the necessary data to estimate provider costs are readily available: salaries, mandatory payroll taxes, child care subsidy



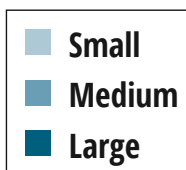
² For more information and to set up an account, see <https://www.ecequalitycalculator.com>. The calculator is free and open to anyone.

Characteristics of Child Care Provider Sample (by county)

Tarrant County (12 Centers)



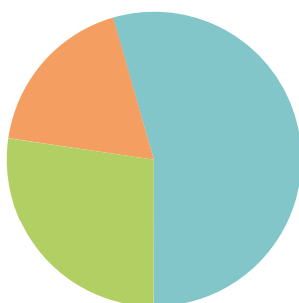
Dallas County (11 Centers)



Tarrant County (12 Centers)



Dallas County (11 Centers)



Range of CCS Enrollment in Tarrant County

7%-55%

Range of CCS Enrollment in Dallas County

11%-100%

Not-for-profit in Tarrant County

2

Not-for-profit in Dallas County

6

rates, typical private tuition rates. Other data (non-personnel expenses, paid leave or other benefits, confirmation of typical salaries) are not. These are best collected from willing providers in each county, with confidentiality essential and assured.

Successes and Challenges

The study leaders determined that a mailed or emailed survey would not be effective. Data would need to be collected in a face-to-face interview, with a known trusted person, e.g., mentors and others. The team was successful in getting cooperation from almost 2 dozen providers. The goal was to reach a range of types and sizes of providers, not a representative sample, or a sample large enough to statistically represent either county.

There are challenges to getting complete data, e.g., some providers do not know certain items, or their bookkeeping system can't breakout a cost, or the provider does not want to reveal a particular expense item. Not all centers have a given expense, e.g. some church supported centers do not pay rent, or may only pay a portion of utilities in lieu of rent, some centers do not serve meals, etc.

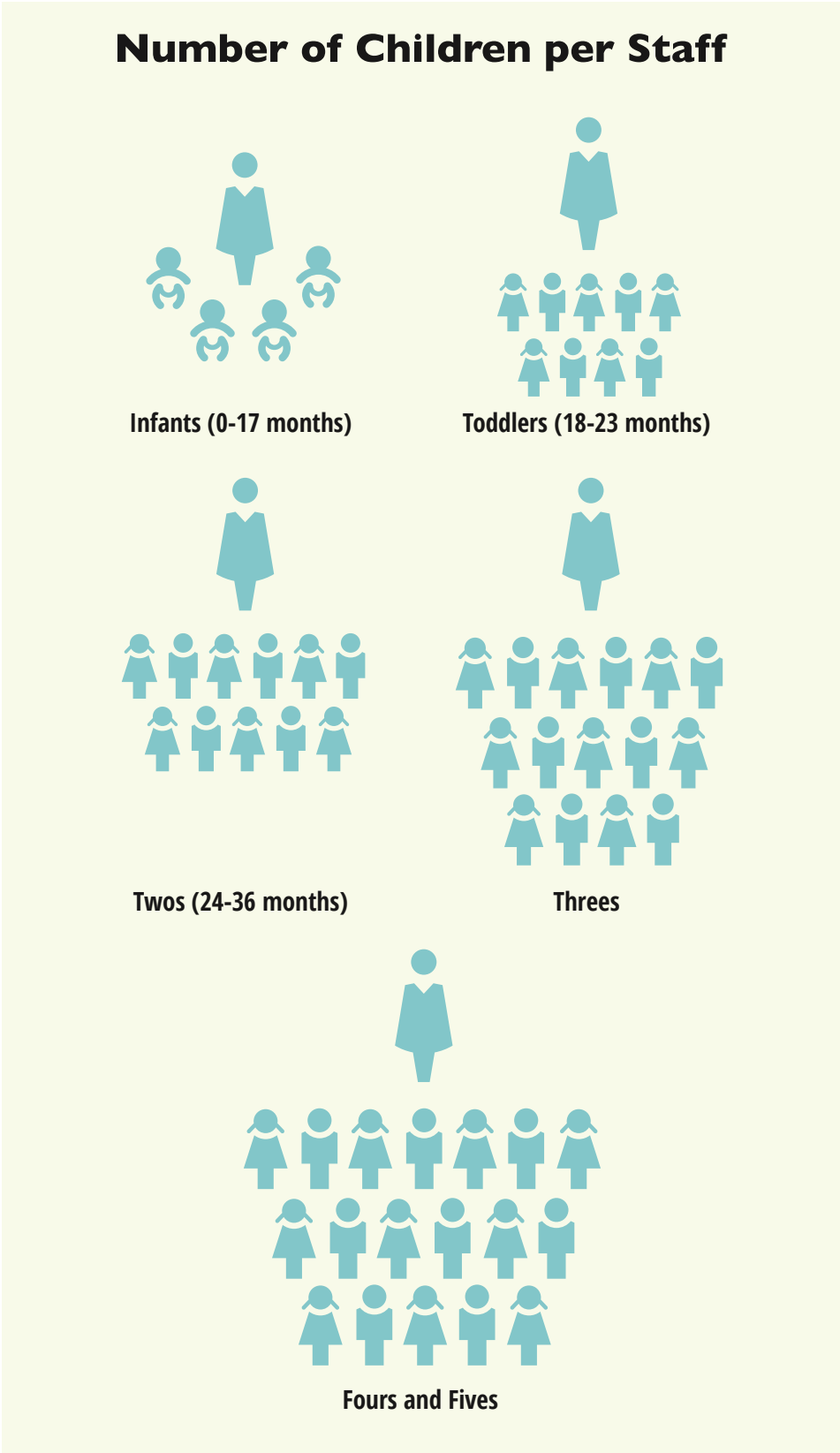
After much effort on the part of mentors, and a high degree of cooperation from many providers in both counties, data were assembled for centers in each county, representing a range of sizes, TRS levels and both non-profit and for-profit status.

Data for the PCQC

We used the typical age ranges, group sizes and staffing ratios required in Texas regulations.

Age of Children	Group Size
Infants (0-17 months)	10
Toddlers (18-23 months)	18
Twos (24-36 months)	22
Threes	30
Fours and Flves	35

Personnel expenses for salaries are from EMSI, a company that compiles workforce data from multiple sources. Benefits information is from data collected from providers. Nonpersonnel expenses are based on the data collected from providers.



Expenses: Salaries

The PCQC uses a set of common staff positions (director; assistant director/ education coordinator; teacher; assistant teacher; administrative assistant) and provides guidance on mean annual salaries for each position by state, using the most recent available data from the federal Bureau of Labor Statistics (BLS) and each state's minimum wage.³ Data from the provider sample indicated that most centers employed either an Assistant Director or an Administrative Assistant, but not both. Thus the Assistant Director position was included in the staffing pattern; the administrative assistant was not.

Salary data for jurisdictions within a state can come from regional data provided by the Bureau of Labor Statistics or other sources, if these are deemed more accurate. The Tarrant and Dallas salary data come



³ The federal minimum wage applies in Texas; it is \$7.25 per hour.

Tarrant County

BLS Occupation Title and Code	Position Title in PCQC	Rate	No TRS & 2 STAR 25th Percentile	3 STAR Median 50th Percentile	4 STAR 75th Percentile
Education Administrators, Preschool and Child Care Center/Program (11-9031)	Director	Annual	\$33,093	\$48,797	\$68,723
		Hourly	\$15.91	\$23.46	\$33.04
Education Administrators, Preschool and Child Care Center/Program (11-9031) @ 70%	Assistant Director	Annual	\$23,165	\$34,158	\$48,106
		Hourly	\$11.14	\$16.42	\$23.13
Preschool Teachers, Except Special Education (25-2011)	Classroom Teacher	Annual	\$20,301	\$24,149	\$29,390
		Hourly	\$9.76	\$11.61	\$14.13
Childcare Workers (39-9011)	Assistant Teacher	Annual	\$16,661	\$18,470	\$20,904
		Hourly	\$8.01	\$8.88	\$10.05

The EMSI data at the 25th percentile for Tarrant County is fairly consistent with the salaries reported in the Tarrant provider sample for all positions.

Dallas County

BLS Occupation Title and Code	Position Title in PCQC	Rate	No TRS & 2 STAR 25th Percentile	3 STAR Median 50th Percentile	4 STAR 75th Percentile
Education Administrators, Preschool and Child Care Center/Program (11-9031)	Director	Annual	\$27,310	\$35,922	\$49,046
		Hourly	\$13.13	\$17.27	\$23.58
Education Administrators, Preschool and Child Care Center/Program (11-9031) @ 70%	Assistant Director	Annual	\$19,117	\$25,145	\$34,332
		Hourly	\$9.19	\$12.09	\$16.51
Preschool Teachers, Except Special Education (25-2011)	Classroom Teacher	Annual	\$26,187	\$36,858	\$53,518 ⁶
		Hourly	\$12.59	\$17.72	\$25.73
Childcare Workers (39-9011)	Assistant Teacher	Annual	\$15,288	\$16,598	\$18,678
		Hourly	\$7.35	\$7.98	\$8.98

The EMSI data at the 25th percentile for Dallas County is fairly consistent with the average salaries reported in the Dallas provider sample. The exception is that directors and assistant teachers' salaries in the Dallas provider sample are somewhat higher than those in the EMSI data for the category No TRS & 2 Star.

from EMSI which is "an economic software company specializing in labor market information analysis and employment data to help students, colleges and businesses in making data driven decisions."⁴ Since data are not available from any source on salaries based on TRS quality levels, the team decided to construct a salary matrix by position and TRS level using the salary data from EMSI by quartile. These salaries by TRS level were used in the PCQC.⁵

⁴ For more on EMSI, see <http://www.economicmodeling.com/workforce-development>

⁵ EMSI Q2 2015 Data Set www.economicmodeling.com

⁶ To be consistent with Tarrant, the same approach to assign salaries by TRS level was applied in Dallas, even though EMSI data at the 3 Star and 4 Star levels show the teacher makes more than the director. The explanation for the high teacher salaries in the EMSI data for Dallas, especially those at the 75th percentile, may be that there are a lot of public-school preschool teachers in the EMSI data (and also BLS data, on which it draws).

⁷ <http://www.twc.state.tx.us/businesses/your-tax-rates#effectiveTaxRate>

Employment Tax	Rate	Maximum basis for tax (annual wages)	Typical rate for child care business
Unemployment Insurance ⁷	Minimum Tax Rate for 2016 is 0.45 percent. Maximum Tax Rate for 2016 is 7.47 percent.	\$9,000	3%
Disability Insurance	None required		
Workers' Compensation	None required		

Expenses: Employment Benefits

The PCQC automatically includes mandatory taxes for federal benefits (the Social Security and Medicare taxes). Typical mandatory state taxes and the mandatory employment taxes for Texas are shown here.

The PCQC automatically includes 40 hours of paid leave per staff member. Other benefits can be added if the cost per employee is known for each benefit. Not all providers in the samples reported benefits or their costs. An amount of \$500 per year per employee was used as a placeholder for the cost of other employer-provided benefits.

Expenses: Nonpersonnel

The PCQC provides default values for administrative, educational and occupancy expenses based on data from several states. These expenses are calculated either per child, per classroom or per provider. The default values were changed to reflect the data from Tarrant and Dallas providers. There were not significant differences between the counties except for a few items. See Appendix for chart comparing

the nonpersonnel defaults to Tarrant and Dallas provider sample.

Revenue

The two major sources of revenue are public child care subsidy (CCS) and private tuition. CCS uses base rates and increased (tiered) rates by TRS level. The CCS base rates and tiers differ between the two counties; Tarrant rates are consistently higher than Dallas rates.



Tarrant County: Child Care Subsidy Rates

	Licensed		Two Star		Three Star		Four Star	
	Full Day	Weekly	Full Day	Weekly	Full Day	Weekly	Full Day	Weekly
Infants (0-17 months)	\$29.50	\$147.50	\$31.57	\$157.85	\$32.45	\$162.25	\$33.34	\$166.70
Toddlers (18-35 months)	\$28.50	\$142.50	\$30.50	\$152.50	\$31.35	\$156.75	\$32.21	\$161.05
Preschoolers (3-5 years)	\$25.00	\$125.00	\$26.75	\$133.75	\$27.50	\$137.50	\$28.25	\$141.25

Dallas County: Child Care Subsidy Rates

	Licensed		Two Star		Three Star		Four Star	
	Full Day	Weekly	Full Day	Weekly	Full Day	Weekly	Full Day	Weekly
Infants (0-17 months)	\$26.15	\$130.75	\$29.00	\$145.00	\$30.50	\$152.50	\$31.50	\$157.50
Toddlers (18-35 months)	\$24.00	\$120.00	\$25.20	\$126.00	\$26.50	\$132.50	\$28.50	\$142.50
Preschoolers (3-5 years)	\$22.00	\$110.00	\$23.50	\$117.50	\$24.50	\$122.50	\$26.00	\$130.00

Tarrant County: Annual and Weekly Private Tuition

	Infant	Infant Weekly	Toddler	Toddler Weekly	Preschool	Preschool Weekly
50th Percentile	\$7,675.00	\$147.60	\$7,150.00	\$137.50	\$6,882.00	\$132.35
60th Percentile	\$8,008.00	\$154.00	\$7,464.60	\$143.55	\$7,186.00	\$138.19
70th Percentile	\$8,559.20	\$164.60	\$7,995.00	\$153.75	\$7,709.00	\$148.25
75th Percentile	\$8,871.20	\$170.60	\$8,299.20	\$159.60	\$8,005.00	\$153.94

Dallas County: Annual and Weekly Private Tuition

	Infant	Infant Weekly	Toddler	Toddler Weekly	Preschool	Preschool Weekly
50th Percentile	\$6,929.00	\$133.25	\$6,406.00	\$123.19	\$6,126.00	\$117.81
60th Percentile	\$7,238.00	\$139.19	\$6,438.00	\$123.81	\$6,406.00	\$123.19
70th Percentile	\$7,777.00	\$149.56	\$7,215.00	\$138.75	\$6,913.00	\$132.94
75th Percentile	\$8,083.00	\$155.44	\$7,511.00	\$144.44	\$7,205.00	\$138.56

Private tuition also varies by county. The most recent Market Rate Survey (2015) was used to determine rates in each county. Tarrant rates are consistently higher than Dallas rates.

It is reasonable to assume that tuition rates will be higher for higher rated centers. Private tuition rates used in the PCQC for each level of TRS are:

- **Licensed/Unrated = 50th percentile**
- **2 STAR = 60th percentile**
- **3 STAR = 70th percentile**
- **4 STAR = 75th percentile**

A third revenue source, for centers that provide food, is the federal Child and Adult Care Food Program (CACFP) which supports food and nutrition in child care programs. All not-for-profit centers are eligible to participate in the CACFP; any proprietary (for-profit) center that enrolls at least 25% low-income children is also eligible. Reimbursement rates are based on the type of meal (breakfast, lunch, dinner or snack) and the income level of



the child's family. Higher rates are paid for lower-income children: free, reduced, or paid rates are used, similar to the school lunch program. In the PCQC, this revenue source is built in and can be easily included or excluded.

Results: Cost of Quality by TRS Levels

The PCQC produces an annual revenue and expense statement for a center of a particular size and quality level, with the net annual revenue expressed in dollars and as a percentage. Net annual revenue is a common measure of financial sustainability; a healthy net annual revenue range is considered to be 5-7% of total annual revenue.

To concentrate on the impact of quality levels (rather than effects of size, age mix or revenue sources), we used a typical center. Based on the provider samples, a typical center in either county has 7 classrooms and serves all ages of children. In each scenario presented below, there is one room each of infants, toddlers and twos plus two 3-year-old rooms and two 4-year-old rooms. The center has 50% subsidy enrollment, 50% private tuition and participates in the CACFP. Assuming typical (US average) enrollment efficiency (defined as actual to desired/staffed enrollment) of 85%, and debt collection efficiency, defined as the percent of revenue that is uncollectible (bad debt) of 5%, the financial sustainability at each TRS Level looks like this.

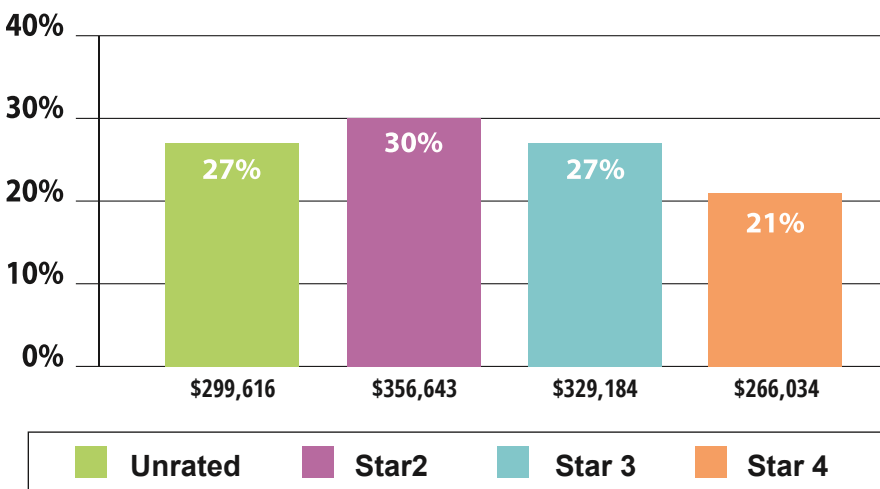
The two charts to the right indicate that centers at all TRS levels are financially sustainable, well above the 5-7% threshold, with the Star 4 center in Dallas just making it into the profitable range at 6%. Those in Tarrant County are overall somewhat better off than those in Dallas County.

Considering sustainability for higher quality centers, these charts show that Star 2 is better off than an unrated center (in both counties), but that Star 3 & 4 are less profitable, especially the Star 4 center in Dallas County. Basically, the market offers little (financial) incentive to move beyond Star 2.

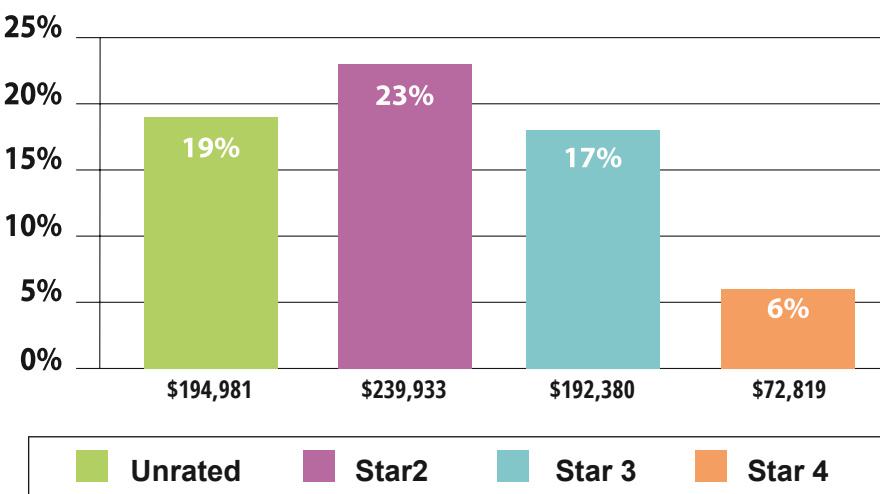
The Typical Center with Lower Efficiency

If instead of national averages, we use the averages for enrollment efficiency (70%) and efficient debt collections (10%) that were reported in the county provider samples, the situation looks very different in terms of sustainability. (Note that all

Tarrant Net Annual Revenue by Star Level
(85% Enrollment, 5% Debt)



Dallas Net Annual Revenue by Star Level
(85% Enrollment, 5% Debt)



other characteristics of the typical center remain the same: 7 classrooms, all ages, 50% subsidy enrollment, 50% private tuition and participating in the CACFP.)

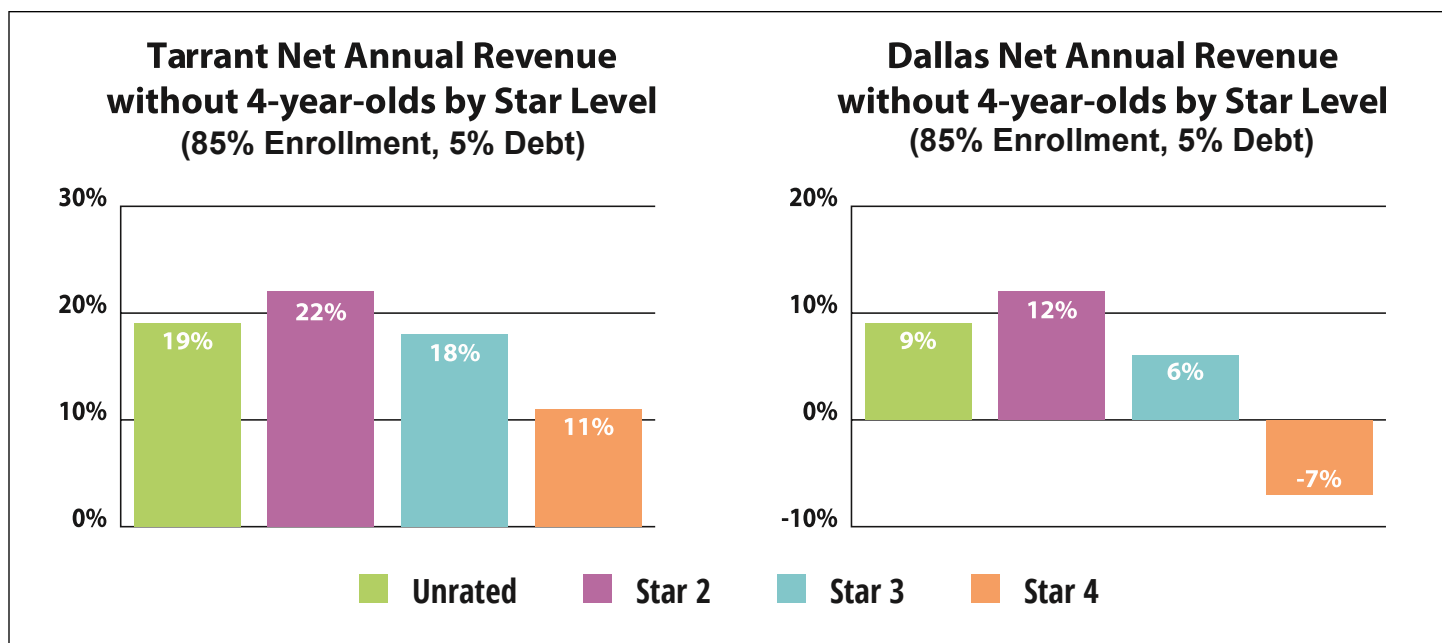
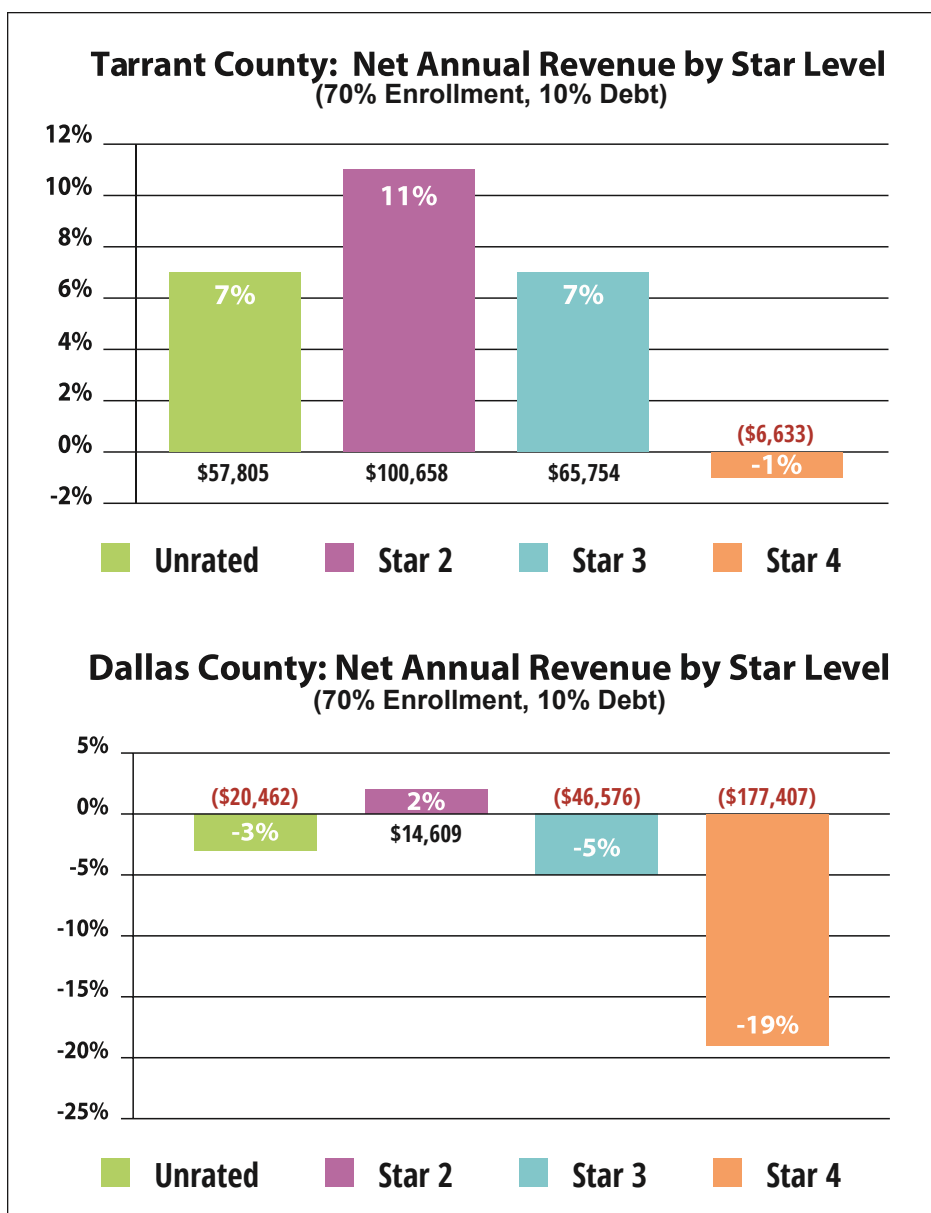
This second set of charts to the right indicates that only centers in Tarrant County up to TRS Star 3 are financially healthy, with Star 2 better off than Star 3. The Star 4 center in Tarrant is not sustainable at all.

All of the centers in Dallas County, at all TRS levels, are financially unsustainable. Clearly, enrollment efficiency and effective debt collection matter: when centers do better on these key financial measures, they can be financially healthy. The recent changes to CCS policy to base payment on enrollment (rather than attendance) may help for that part of enrollment efficiency and bad debt that are related to CCS, but those changes cannot affect the part that may be due to private tuition.

Are efficient centers financially sustainable without 4-year-olds?

As more school districts offer preschool programs tuition-free to families, a concern that has been raised is the financial sustainability of child care centers.⁸ The effect of having no 4-year-old classrooms is shown in this chart, using the typical

⁸ For a full discussion of these issues, see [The Impact of Universal Pre-K on Child Care Providers in Fort Worth Independent School District \(2014\)](#)



center, with good efficiency. The center has 7 classrooms (one infant room, two toddler rooms, two 2-year-old rooms and two 3-year-old rooms), has 50% subsidy enrollment, 50% private tuition and is participating in the CACFP.

Perhaps surprisingly, efficient centers appear to be able to operate sustainably without 4-year-olds. The pattern is similar to previous scenarios, with center sustainability greater at lower TRS levels and Tarrant centers better off than Dallas centers. The explanation for the minimal effect of not enrolling 4-year-olds may lie with Texas ratios and group sizes.⁹ The typical center with 7 classrooms serving all ages can potentially enroll 180 children; if the seven classrooms are all for children under age four, the center can potentially enroll 150 children. Centers operating at Texas group sizes appear to be able to sustain the loss of one age group.

Discussion of Findings and Implications

Clearly, high quality child care costs more than basic regulated child care. The efforts of the Tarrant and Dallas County team have quantified the cost differences by TRS level and for each county, as discussed above. The major conclusion is that while some centers are financially sustainable, there is little or no financial incentive to move beyond operating at Star 2.

Quantify the value of the quality improvement efforts that are provided to centers in TRS

In addition to ongoing operating costs, there are initial costs to improve quality. These quality improvement supports are provided at no cost to centers in TRS. They include materials and equipment, no-cost professional development, on-site mentoring and other valuable provisions. Centers are well-supported on the cost of improving child care. Consider issuing an annual statement to each center delineating the items it has received and their value.

Support of the operating cost of sustaining quality

Supporting the operating cost of sustaining quality, once achieved, is essential. The major (or only?) current public support for operating costs is the CCS tiered rates. The tiers in use seem to support the Star 2 centers well. The Star 3 and Star 4 need higher rates to be in the sustainable range, especially in Dallas County. One of the ways to use the PCQC is to inform subsidy policy on rate increases.

Encourage centers to use net annual revenue in excess of 10% to increase compensation

Centers with 10% net annual revenue are financially healthy. A reasonable assumption is that to attract and retain better performing teaching staff, and advance in TRS, higher-rated providers will need to pay higher salaries than lower-rated providers. The Star 2 center in Tarrant County is comfortably financially sustainable at 30% net annual revenue (and at 23% in Dallas County). What can a Star 2 center in Tarrant County afford to devote to increasing compensation?

Conservatively maintaining its financial sustainability at 10%, the center could direct 'excess annual revenue' (above 10%) to salary increases. To determine how much salaries might be raised, take our typical center that has 15 teaching staff and 2 administrators. The Star 2 center in Tarrant County could allocate 2/3 of its net revenue (about \$236,000) to compensation. Divided equally among 15 teaching staff and 2 administrators and deducting for employer payroll taxes, each employee could receive a raise of almost \$12,000. Or the amount could be split between salary increases and additional benefits such as retirement contributions, life insurance, and health insurance.

An important consideration is that some center staff may currently earn salaries that make them and their families eligible for public benefits, such as food (SNAP, the Supplemental Nutrition Assistance Program), healthcare (Medicaid), or subsidized housing. The value of these



⁹ Group sizes in Texas are large compared to other jurisdictions. However private tuition rates and CCS rates **per child** are in the mid-range compared to other states across the nation. Thus revenue generated per classroom in Texas is much higher than revenue generated per classroom in states with similar tuition/ subsidy rates and much smaller group sizes.

public benefits must be factored into any compensation calculation to assure that any loss of public benefits can be offset by the compensation increase.

Collect financial data from all providers that participate in CCS to develop a deeper understanding of the costs of operations.

While this study has benefited greatly from the data shared by providers in both counties; the samples are small and may or may not be representative. More data can only improve understanding of the actual cost of operating child care centers. A reasonable approach is to create a simplified revenue and expense template and ask all centers to provide information in the template or submit an actual end of year R&E statement (whichever is easier). Protect confidentiality of this information. Focus on factors that affect sustainability.

- What is a typical bad debt ratio in these counties? What proportion of bad debt is related to private pay families versus to CCS reimbursements?
- What is typical enrollment efficiency? In what ways are centers with higher enrollment efficiency different from those with lower efficiency? Are there effective practices that can be shared/implemented?
- Does financial sustainability vary by size of center? Or by location or neighborhood? Or by quality level or other factors?
- Does compensation in fact vary with quality level of center? Is either center size or auspice a factor in compensation?
- What employment benefits are provided for center staff? Which are used? What is the total cost of each benefit? What is the employer/ employee share of the costs?
- Do center's tuition rates for private pay families vary by center quality level, or by other factors?
- What are the actual expenses incurred by centers preparing to move up in TRS?

Conclusion

The Fort Worth-Dallas Cost of Quality Study has met its initial objective to estimate the cost of quality care, defined at each level of Texas Rising Star; in each county in centers which participate in the federal child care subsidy program. The study process demonstrated methods that work to engage providers and revealed more questions to be investigated.

Appendix

Provider Cost of Quality Calculator Data

Nonpersonnel Cost Drivers - Centers

	Tarrant County Data	Dallas County Data	PCQC Default Values
Annual per-child costs:			
Food & Food Prep	\$653	\$659	\$1,000
Kitchen Supplies	\$59	\$43	\$50
Education Supplies	\$143	\$54	\$50
Education Equipment	\$48	\$46	\$100
Office Supplies	\$52	\$76	\$30
Office equipment	\$53	\$45	\$22
Insurance (liability, accident, etc.)	\$257	\$96	\$75
Postage	\$17	\$10	\$24
Advertising	\$66	\$35	\$25
Miscellaneous	\$25	\$69	\$15
Per-classroom costs:			
Square feet/classroom	1,086	1,339	1,280
<i>These costs are per square foot</i>			
Rent /Lease	\$11.51	\$10.78	\$13.65
Utilities	\$5.44	\$3.40	\$2.19
Building Insurance	\$0.00	\$0.00	\$1.34
Maintenance/Repair/Cleaning	\$4.02	\$2.97	\$2.85
Annual per-staff costs:			
Consultants/Training	\$200	\$200	\$200
Annual per-site costs:			
Telephone & Internet	\$4,955	\$4,952	\$1,440
Audit	\$2,706	\$2,295	\$3,000
Fees/Permits	\$1,573	\$3,703	\$500
Miscellaneous	\$127	\$5,227	



Texas Cost of Quality Child Care Study:

POLICY IMPLICATIONS AND RECOMMENDATIONS

The Tarrant and Dallas Counties' Workforce Solutions have completed the Provider Cost of Quality Calculator (PCQC) tool and study on a sample of child care programs in Tarrant and Dallas Counties. The tool was developed by the U.S. Department of Health and Human Services' Office of Child Care to estimate the costs of quality under differing state and market conditions. The intent of the study was to establish a true cost of quality for the Tarrant and Dallas Counties.

Child Care Associates as the largest child development agency in North Texas has reflected on the study, its results and its unanswered questions to develop recommendations for future study, analysis and investment. Without focused, cross-sector interventions and investments, the situation with child care will remain how it is today—unaffordable to most families, low quality, detached from education systems and paying some of our counties' lowest wages. **The time to act is now.**

CHILD CARE PROGRAMS:

- Invest the time and energy needed to develop strong business practices including annual revenue and expense budgets and regular financial tracking of actual to budgeted amounts. Ask the TRS coach for help and training. It is difficult for others to advocate for the assistance you need when you don't know your business numbers.
- Be smart. Layer your funding. Draw down USDA funds. Keep enrollment full. Collect funds when they are due. Partner with ISD Pre-K programs and require financial investments. Keep accurate financial records and review those records.
- Keep focused on quality and become specific about the financial level of support you need to be financially sustainable. Ask for help from your early childhood collaborative.
- Participate in Cost of Quality exercises and studies such as this one! It helps us advocate with you!
- Speak up. Show up at public hearings and during public comment periods and be clear and professional about what you need to be successful.
- Thank you for what you do in caring for young children!

TEXAS WORKFORCE COMMISSION (TWC) – TX: Agency managing Child Care Development Fund (CCDF)

- Develop a statewide training around business practices and budgeting for child care businesses to support them in tracking their costs and improving efficiencies.
- Conduct a Cost of Quality Study for a representative sample of the state and/or include the requirement of a local Cost of Quality analysis into the required scope of work for local Workforce Boards.
- Require local Workforce Boards to show how their quality funding is responding to the lessons learned from the Cost of Quality study.
- Consider a statewide alternative to the Market Rate Survey as a basis for determining child care costs or consider another study as an "add on" to help address pricing the cost of quality.
- Allow local Workforce Boards the flexibility to pilot solutions around Texas Rising Stars and the subsidy system; grant local flexibility to use methods such as contracts, vouchers and other financial awards as means of achieving policy aims.
- Improve the policy that drops TRS programs' star rating when a licensing violation occurs. Programs drop from the quality improvement support at the very moment they need it the most.
- Develop 1-2 models for conducting the Early Head Start - Child Care Partnership as a TWC-recommended models for layering CCDF and Early Head Start funding; it provides critical funding to achieve high quality for programs designed to serve working parents.

LOCAL TEXAS WORKFORCE BOARDS, MAYORS and CITY MANAGERS:

- Consider funding annual cash incentives for quality-rated programs. Higher subsidy rates for quality-rated programs are not sufficient to make up the funding gap high quality child care programs.
- Invest in conducting a regular Cost of Quality Analysis to understand the actual shortfalls of funding that likely exist at higher star levels. Calibrate your funding with the Texas Rising Star (TRS) program to ensure child care businesses can be both high quality and operate in the black.
- Provide generous subsidy rates for TRS quality-rated programs.
- Connect with your Community Development Block Grant (CDBG) funding to see how CCDF and CDBG funding could work together to achieve common goals.
- Include child care infrastructure and support in your neighborhood revitalization and economic development plans.
- Connect with your Head Start and Early Head Start Grantees to understand the layered funding opportunities. Early Head Start - Child Care Partnership Grants are one example of how to layer federal funding with CCDF child care subsidies and private parent pay.
- Connect funded trainings and CDA programs with your local community college to ensure training hours result in articulated credits towards a degree. All trainings should be assisting child care professionals towards earning college credits.
- Develop/Adopt a Career Pathway for early childhood professionals that starts with child care workers and support these professionals as a critical part of your workforce infrastructure.

SCHOOL DISTRICTS / EARLY CHILDHOOD COLLABORATIVES / TEXAS EDUCATION AGENCY:

- Carefully design and support child care and Pre-K partnerships with an emphasis on partnerships that transfer cash resources into quality community-based child care.
- Be mindful of the state-funded systems that support quality for child care programs and don't accidentally duplicate.
- (NOTE: TRS already frequently provides free coaches, free training, free CDAs, free curricula, free educational tools and supplies and even substitute care costs while staff are in training.)
- Be mindful of community-based programs of quality when planning pre-K expansion; build a mixed delivery system of Pre-K that uses a mixture of school-based classrooms and quality community-based classrooms.
- Consider utilizing the Every Student Succeeds Act (ESSA) as a mechanism to align financial resources and approaches before a child arrives at Pre-K or Kindergarten. School districts who plan on using Title I funds used for early childhood must include how it plans to "support, coordinate and integrate services" with the broader community. Those not using Title I must still in their plans increase coordination with early childhood programs in the community. Consider building an integrated system of early education that includes community child care.
- Provide technical assistance to child care programs to enter child information into TEA's Early Childhood Data System (ECDS). Programs can receive an annual report back from TEA that indicate the school readiness of children leaving the child care program. These reports can improve child services, encourage local child care teachers and programs and help direct targeted investments.

PHILANTHROPY:

- Consider funding cash grants without too many strings attached other than quality maintenance of achieved star ratings.
- Be mindful of the state-funded systems that support quality for child care programs as a measure of quality and means to leverage your funds.
- (NOTE: TRS frequently provides free coaches, free training, free CDAs, free curricula, free educational tools and supplies and even substitute care costs while staff are in training.)
- In a "local control" state, it is especially important to help local nonprofits align efforts to the state-funded system of Texas Rising Stars, Texas School Ready, the Registry and other TWC or TEA efforts.
- Invest in child care solutions as a system versus paying for a program's actual child care costs.
- Be aware that local business models for child care programs may need to be updated or fundamentally changed with the expansion of Pre-K and other financial stressors. Invest in system solutions versus investing in stop gap measures for individual programs.



For More Information or Questions:

questions@childcareassociates.org
<http://www.childcareassociates.org>



CCMS
Child Care Management Services



EARLY LEARNING

ALLIANCE

Growing young minds. Building futures.

The Early Learning Alliance is a movement of more than 50 organizations and individuals working to accelerate system change in early learning, so that in 10 years all children born in Tarrant County will have the foundation they need to succeed in school and in life.

If you want to be a part of this movement or need more information, please visit EarlyLearningNTX.org



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