TEXAS LBJ School
The University of Texas at Austin
Lyndon B. Johnson School of Public Affairs

March 2024

How Policymaking Can Address Urgent Child Care Challenges and Opportunities in Texas

LBJ Urban Lab - LBJ School of Public Affairs - The University of Texas at Austin

Authors

Steven Pedigo
Professor of Practice
Director, LBJ Urban Lab
LBJ School of Public Affairs

Lance Gilliam
Senior Fellow
LBJ Urban Lab

Clara Belk
Graduate Researcher
LBJ Urban Lab

The LBJ School of Public Affairs

The Lyndon B. Johnson School of Public Affairs is one of the country's foremost hubs of public policy research, consistently ranked among the top ten policy schools nationwide. As the only public affairs school in the country tied to a Presidential library and a top-tier research university, it offers students world-class training on how to advance and administer effective solutions for a better world.

Founded by President Lyndon B. Johnson to ensure more people have access to the halls of power, the school is built on the conviction that those who are most affected by our country's problems should have a say in the design of its solutions. As a result, the school offers a wide range of degree programs to attract those with a drive for public service–including a Master of Public Affairs, a Master of Global Policy, an Executive program for mid-career professionals, as well as over eighteen concurrent degree programs with other departments at The University of Texas, including a concurrent JD, MBA, MS in Engineering, MS in Energy and Earth Resources, MA in Journalism and Media, and MA of Public Health.

In addition to its academic offerings, the LBJ School is home to numerous centers for interdisciplinary research–including the Center for the Study of Race & Democracy, the LBJ Washington Center, The Patman Center for Civic and Political Engagement, the Prison and Jail Innovation Lab, the Robert S. Strauss Center for International Security and Law (in partnership with Texas Law), and the Center for International Energy and Environmental Policy (in partnership with the Jackson School of Geosciences).

Introduction

Texas continues to face a persistent challenge to provide accessible and high-quality child care at an affordable rate. As the state's municipalities, philanthropic allies, private sector, and families address this challenge, child care is poised to become one of the paramount policy issues confronting the Texas Legislature when it convenes for the 89th session in January 2025.

Supporting the care and early development of the state's young children can benefit all Texans. And it will take agents from many facets—state and local government, community organizations, and child care advocates of all kinds—to make it happen.

There is an urgent need in Texas for quality child care that is accessible and affordable. The current void not only impacts working families but also hinders economic growth. Addressing child care in the 2025 legislative session can fuel an economic development strategy that serves all Texans now and for years to come.

Texas has made recent progress to alleviate burdens for child care providers, but there's still more work to be done. Prop 2, passed in November 2023, authorizes local property tax exemptions for child care facilities. Cities can use this exemption to reward child care providers that open the highest quality facilities—programs with a 4-star rating from Texas Rising Star (TRS)—in child care deserts, both urban and rural. The highest levels of exemption can be reserved for these providers to build capacity in underserved areas. This legislation showed high public support and passed with nearly 65% of the vote.[1]

Texas has always seen child care as an economic development issue, but it is also, indisputably, a human development and support issue, too. Texas is the only state that houses child care in a workforce development department—the Texas Workforce Commission (TWC)—rather than within a department of health and human services. Economic and human factors should be considered with the common purpose of building equitable access to a more affordable, accessible, high-quality system of child care and early learning for all families, regardless of their demographics or characteristics.

The child care system in Texas is viewed as highly inefficient and does not yield the best supportive outcome or serve those in greatest need. It is especially a challenge for children in low-income families. Families across the state are struggling to access and afford the quality care they need to support not only their children's early learning and development but also the caregivers' ability to go to work, school, or job training.

The average cost for infant care in Texas is $777 per month, or $9,324 per year[2]—nearly 14% of the state's median household income of $67,321[3] and more expensive than a year of in-state tuition at a four-year public college. The cost decreases slightly as the child approaches preschool age but is still significant: The average cost for a 4-year-old child is $589 per month, or $7,062 per year.

The need for quality child care is even more urgent following the pandemic. Between March 2020 and January 2023, Texas saw the closing of 5,000 child care centers and licensed family homes, which left the state with 27% fewer child care programs.[4] The number of child care facilities—and the paid child care providers who staffed them—dropped between 2020 and 2021, while the costs of the surviving child care options rose.[5]

Low-income families were hit particularly hard during the pandemic: 70% of child care facilities serving low-income children shut down.[6] And 44% of low-income parents needed to alter their employment because of child care, compared to 25% of high-income parents and 32% on average.[7]

More than half of the counties in Texas have become child care deserts, where there are at least three times as many children under 5 as there are fully licensed child care slots available.[8] The first year of the pandemic alone created child care deserts in an additional 242 communities across the state.[9] In 2022, Texas reached its highest number of low-income families not served by child care in the three years before.[10]

Gaps in child care provisions caused by systemic inefficiencies hit hardest on those who would most benefit. So, while solutions must focus on the economics of care—supply, demand, and affordability—they must also address disparities among families and prioritize communities that are continually underserved in gaining access to quality care.

Quality child care is a key component of economic development because it impacts the state's current workforce. Parents who cannot find appropriate child care are often forced to reduce their working hours or leave the labor force entirely. Access to affordable child care increases maternal labor force participation, for both low-income and high-income mothers. In Washington, D.C., for example, 10% of the increase in maternal labor force participation is attributable to the district's universal preschool program.[11] By growing quality, accessible child care, Texas will grow opportunities for families. Parents can work with peace of mind when they know their children are thriving in a setting that nurtures healthy growth and development.

High-quality child care programs contribute to higher educational attainment and employment, lower truancy and criminality, and better health outcomes, yielding between $4 and $9 for every $1 invested.[12] Accessible child care affects the future workforce as well. It can improve school readiness, communication, reading, math, and cognitive skills, especially for children from low-income families and Black, Indigenous, and people of color (BIPOC) children.[13]

An inefficient child care system contributes to state economic loss. The failure to provide adequate child care for working families costs Texas $11.4 billion in lost revenue annually.[14] Actions to increase the accessibility of high-quality child care are needed, including the implementation of policies that address income, expenses, and capital.

According to the U.S. Chamber of Commerce Foundation's 2021 report, nearly 75% of Texas parents reported missing work because of issues with child care, and close to 7% were forced to leave work entirely due to a lack of access to child care. If Texas wants to continue as one of the fastest-growing states in the nation—with one of the most competitive economies—it needs to act on child care to shore up its economic vulnerabilities. [15]

As federal post-pandemic funding dries up, the need for action is more urgent than ever. Significant sources of federal funding have ended or soon will, and the child care industry will be hit hard. The Texas Workforce Commission received more than $5.9 billion in federal child care stimulus funding from the 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act; the 2020 Coronavirus Response and Relief Supplemental Appropriations Act (CRRASA); and the 2021 American Rescue Plan Act (ARPA).[16]

More than $4.4 billion came through ARPA, which expired on Sept. 30, 2023. Those funds were awarded to 10,790 child care programs serving 836,000 children in 85% of Texas counties through 2022.[17]

Through its Child Care Relief Fund (CCRF), TWC distributed more than $4 billion in federal stimulus funds directly to child care providers across the state. Most of these funds were used to help with costs involving personnel, staffing, mortgage, and rent.[18] And although ARPA funds ended last September, TWC extended CCRF funds through November 30, 2023.

The end of stimulus funding means that child care providers will lose the only safety net keeping them afloat throughout the last three years. Child care facilities will be forced to close, and Texas will experience decreased economic productivity.

Without state intervention, a projected 3,949 child care programs in Texas will close, according to the June 2023 Century Foundation study. These closures could eliminate spots for as many as 305,976 children and result in the loss of at least 17,704 child care jobs. Without available care for their children, parents will have to reduce their work hours or exit the labor force and lose $774.9 million in earnings. Altogether, that translates to a potential loss of $961 million in employer productivity.[19]

This report is intended to offer policy interventions and ideas for the upcoming 2025 Texas legislative session, as municipalities and the private sector seek to improve the system from not only an economic development standpoint but also a human standpoint. Through policy review, robust stakeholder interviews, and roundtable discussions and engagement, we evaluate the current landscape of child care across the state, investigate the challenges for stakeholders, and explore how policy can help.

Context: Stakeholder Challenges

Texas's inefficient child care system poses serious challenges to a range of stakeholders, from child care providers and workers to parents and their employers. And for the state's youngest stakeholders, the lack of affordable, high-quality child care today presents challenges that will last for many years to come.

Child care providers face funding challenges.

Child care providers are facing significant funding challenges, finding it difficult, if not impossible, to make their businesses work. The average state reimbursement rate for infant care covers only about half of the actual cost of providing it.[20] The U.S. Department of Health and Human Services recommends that lead agencies set federal reimbursement rates at 75% of the market rate, but TWC rates fall seriously short at 60% of the market rate for infants, 55% for toddlers, and 50% for preschoolers.[21]

Beyond insufficient reimbursements, child care providers struggle to recruit and retain staff. During the pandemic, nearly 10% of child care workers left the industry;[22] and currently, 79% of programs are under-enrolled because of staff shortages.[23] About 97% of child care center directors report major hiring and retention challenges.[24]

Child care workers face compensation challenges.

Child care workers endure serious compensation challenges. Those entrusted with the care of young children in Texas are not sufficiently compensated for the important work they do. They earn poverty-level wages, with an average wage of only $12 per hour. For full-time workers, that's an annual income of just $24,960. At this rate of compensation, child care workers in Texas cannot afford child care for their own families: they would have to spend more than 35% of their monthly income on the average cost of infant care. Further, child care workers face wage disparities by race and geographic location as well.[25] These workers are mostly women and, disproportionately, women of color.[26]

Child care workers also face a discouraging lack of mobility. An early childhood educator with 25 years of experience earns just $2 more than a first-year educator, and an early childhood educator with a bachelor's degree earns $2 more than one with a high school diploma.[27] And fewer than one in three of these workers have access to health insurance through their employer.[28]

Child care providers should receive compensation and benefits that reflect the value they provide to Texas's families, communities, and economic future.

Parents face child care accessibility challenges.

Parents are facing the financial challenges caused by a shortage of affordable, accessible, quality child care. Insufficient child care can cost working parents an average of $5,520 per year as the result of lost time, productivity, and career opportunities. In total, parents in Texas lose $78 billion annually from inadequate access to child care.[29]

Between 2019 and 2021, the ratio of regulated child care slots available to working families in Texas fell by 40%.[30] And, in 2021, 12% of children in Texas had a family member who quit, refused, or changed jobs because of child care challenges.[31]

In a U.S. Chamber of Commerce Foundations study, mothers were more likely to leave employment primarily due to child care issues, at 38% compared to 30% of fathers. Low-income parents were even more likely to be forced out of the labor force, with 58% citing child care as their reason for leaving a job.[32] Poverty is a critical social determinant of infant and child health that affects future educational attainment and earnings as well as adult health.[33] The current child care system exacerbates existing patterns of inequity by not doing enough to support low-income parents as they provide for their children.

Employers face hiring and retention challenges.

The current and potential employers of parents with young children face challenges involving costs, hiring, and retention. The Chamber of Commerce Foundations study found that, because of child care disruptions, 10% of Texas parents reported moving from full-time to part-time, 7% were forced to leave their job, and 5% were fired.[34] Employers lose $2.87 billion in turnover and $4.72 billion in absences as the result of child care obstacles. For each working parent who's forced to reduce their hours because of problems involving child care, employers lose an average of $1,640 due to hiring costs.

Annually, insufficient child care options for parents cost businesses in Texas a whopping $23 billion.[35] The challenges reach well past the child care industry and impact all of the state's sectors. Employers face serious challenges involving talent attraction, skilling, and retention that make it difficult to be competitive.

Children face long-term challenges.

The challenges are enormous for young children with inconsistent access to quality child care. Infants, toddlers, and preschoolers who lack quality child care miss out on the benefits of early childhood education, including better health outcomes, language development, interpersonal skills, and attentiveness. This challenge could diminish educational attainment and earnings throughout the children's lives.[36]

Affordability and geographical location are significant barriers to accessing high-quality child care. Low-income families are forced to select lesser-quality child care providers—a serious problem in Texas, where nearly 21% of children under age 5 live below the poverty level.[37] Further, child care deserts disproportionately harm children in low-income families. For every 100 children with working parents, there are only 30 subsidized child care spots. For that same group of 100 children, there are only 12.3 spots in child care centers accredited by the Texas Rising Star quality rating system.[38]

A child's brain is most flexible before age 5, which is why the first five years of development are so critical.[39] This early development is disrupted when children are forced to change child care centers or relinquish care because of closures or excessive costs.

How Policymaking Can Help

Inefficient child care in Texas is a multifaceted issue that will require a variety of actions from all sectors and levels of government to solve. Our work has identified four areas of policy interventions that should be prioritized but are by no means the only opportunities for improvement.

- **Economic incentives**—better reimbursement rates, tax exemptions, low-interest loans—are needed to help child care providers expand and improve.
- A **streamlined TRS accreditation process** is needed to remove barriers to expansion and encourage child care providers to strive for the high-quality ratings
- An **employer child care assistant program** is needed not only to help employees afford care for their children but also to help businesses attract and retain talent.
- A confluence of leaders from the public sector and the community is needed to develop **innovative local solutions** that meet the needs of working families.

Texas can learn from states and cities that are making these policies work. We've provided one case study for each of the actions we propose. And the timing is right: These actions can be taken up in the pending legislative session.

Develop Policies That Incentivize Service Providers

Fixing Texas's child care system begins with supporting the providers. Any effective policy that supports child care facilities could positively impact the facility's income, expenses, and/or capital.

- **Policies can support income** by infusing money into a child care facility's budget. This type of funding can help with operating expenses, including provider wages.
- **Policies can lower expenses** for child care facilities. Such policies might include a decrease in tax liabilities or permitting costs.

- **Policies can support large capital improvement costs**. These are the funds needed to construct new child care facilities or make renovations and improvements to existing facilities.

There is often little economic motivation for child care providers to enter or remain in the business. Policymaking can improve the industry's appeal and encourage new businesses and expansion.

Texas could increase TRS reimbursement rates—for nonprofit, for-profit, and corporate providers—to help align the state subsidy with current market rates. Currently, in the Gulf Coast TWC region, including Harris County, the average maximum rate for TRS reimbursement is in the 62nd percentile compared to market rates. For higher-level TRS-4 providers, the reimbursement rate is at the 79th percentile.

How Tennessee Did It

In October 2023, the Tennessee Department of Human Services (TNDHS) increased reimbursement rates for licensed child care providers in the state's Child Care Certificate Program, which is equivalent to Texas Rising Star. Their efforts were guided by a study conducted in partnership with the Social Work Office of Research and Public Service, the community outreach arm of the College of Social Work at the University of Tennessee. The study mapped areas in the state with a deficit of at least 250 child care slots for children under 6 with both parents in the workforce.[40]

The effort increased reimbursement rates for the majority of providers to the 60th percentile. While this remains quite low—and generally, child care advocates recommend pinning reimbursement rates to the true cost of child care rather than to the market rate—TNDSH added a 15% rate increase for a child care desert differential. They also added a 15% infant/toddler differential to incentivize child care providers to offer more infant and toddler care and increase parent access to open slots.

Increasing reimbursement rates is a critical tool Texas policymakers can use to subsidize the income of child care providers. The dearth of access in child care deserts, which are overwhelmingly in rural and low-income areas, is especially urgent, and supporting new and existing high-quality facilities in these areas is vital.

Texas could offer a franchise tax exemption to large providers that increases the number of available slots for students who are eligible for state subsidies. This could serve as a financial incentive for those providers to attract and enroll students most in need.

The franchise tax is the state's primary business tax. It is levied in exchange for the privilege of doing business in Texas, but it generates far less revenue for the state than a sales tax.[41] In October 2023, it was fourth among state revenue sources, well behind sales tax, motor vehicle sales and rental taxes, and motor fuel taxes.[42]

The child care exemption for facilities that expand access to spots for students receiving state subsidies might resemble the Texas solar franchise exemption, which applies to corporations that manufacture, sell, or install solely solar energy devices. Because the exemption has no ceiling, according to Section 171.056 of the Texas Tax Code, it provides a strong incentive for solar companies.[43]

Applying a franchise tax to child care providers could ease expenses for providers, working in tandem with the recently passed constitutional amendment to lower tax liabilities.

Texas could implement an enrollment guarantee program to ensure a certain number of enrollment spots and funding for children in underserved areas. The increased accessibility would benefit the families in those areas while providing for-profit providers with a consistent income stream. For such a program to work, however, it must be sustainable.

Harris County piloted its Early Reach program as an enrollment guarantee, but the program's heavy reliance on ARPA funding ultimately makes it unsustainable.[44] Designed for children ages 0–4, the program allows accepted families to choose from a pre-determined list of 30 high-quality child care centers at no cost. Facilities receive Early Reach funding in advance for their offered per-child slots.

The included child care centers must be licensed, high-quality 3- or 4-star facilities and able to open new classrooms to increase capacity. They receive ongoing quality improvement guidance and are required to meet wage standards for workers. Child care workers who participate in the program receive additional compensation to increase their wages, as well as training and support.

While the program design is beneficial and specifically targets child care deserts in Harris County, policymakers must consider the financial sustainability of an enrollment guarantee.

Texas could propose low-interest loans for opening new child care facilities. Texas could offer low-interest loans to private operators in areas lacking subsidized spots who establish new facilities. The providers would promise the enrollment of a specified number of subsidy-eligible children. Low-interest loans will help with capacity building by expanding child care access. Policymakers can initiate a loan program at the state level that is specifically targeted for low-capacity areas across Texas. The diverse financing options can help meet the needs of child care operators at multiple stages of development.

How Connecticut Did It

This approach worked in Connecticut. The Child Care Facility Loan Fund—managed by the state's Office of Early Childhood and administered by the Connecticut Health and Educational Facilities Authority (CHEFA)—includes three loan programs for child care facilities: tax-exempt financing, a guaranteed loan program, and a small direct loan program.[45]

Tax-exempt financing has supported large-scale capital projects—construction, expansion, renovation of facilities—for experienced nonprofit and municipal center-based child care providers in Connecticut. Centers serving children through the state's school readiness preschool grant program or the Department of Social Services are eligible for 30-year loans with low interest rates, and the state legislature allocates funds to cover a minimum of 80% of the loan repayments.

Connecticut's **guaranteed loan program** supports moderate- to large-scale capital projects for experienced center-based child care providers serving low-income children and/or children ages 0 to 4—without the requirement that they be nonprofit or municipal. CHEFA subsidizes the interest rates on 20-year loans.

The state's **small direct loan program** provides financing for pre-development, smaller renovations, general equipment, or startup costs. The loans, with a 9% interest rate and five-year term, are specifically geared toward home-based care and ideal for providers experienced in starting a business—in child care or any industry.

Fix the TRS Approval Process

Texas policymakers can update the Texas Rising Star approval process to make it easier for proven child care providers to expand their services. By expediting the approval process for franchise operators who have demonstrated experience with high-quality child care provision, Texas can reduce barriers to child care expansion.

Currently, a learning center in Texas that owns a franchise operating multiple TRS 4-star centers undergoes the same approval timeline and process as someone starting out for the first time, despite a proven track record of providing high-quality early childhood education.

Altering the TRS approval process to enable 4-star providers with multiple facilities to open new child care centers faster and more efficiently both increases capacity and further incentivizes providers to seek the highest TRS quality rating. This can increase income for providers who improve to the 4-star tier and decrease expenses for approval timelines.

Policymakers should also make bigger investments in credentialing home-based care providers. This is especially important for BIPOC communities who often prefer family, friend, and neighbor providers.

Develop Employer-Supported Systems

The benefits of an employer child care assistant program are two-fold: helping parents afford child care and helping businesses attract and retain talent. Employers in Texas have demonstrated their willingness to invest in child care for their employees, but the state needs a more comprehensive system of support to assure employers that it's worth their investment. Texas policymakers can incentivize employers to contribute to child care expenses with tax credits while maximizing investments into working parents by matching employer-provided child care funds.

How Kentucky Did It

Kentucky has one of the lowest workforce participation rates in the country: Between 2020 and 2022, as many as 100,000 women in the state left the labor force, and the high cost of child care has prevented many from returning to work.[46]

HB499 was signed by Kentucky Governor Andy Beshear in April 2022. The public-private partnership addresses child care affordability by providing state matching funds for employer child care assistance funding. Employees earning below 50% of the state median income are eligible for a 100% state match on employer child care funds; employees earning 50% of the state median income are eligible for an 80% state match.

The act appeals to businesses by allowing them to apply for tax credit eligibility in the amount used by their workforce for child care. Further, 25% of funds are earmarked for employers with fewer than 50 employees. Nonprofit and for-profit businesses are better positioned to attract and retain workers in a tight labor market and provide participating parents double the subsidy to put toward child care.

Explore Local Innovations

Aligning leaders from the public sector and the community can lead to the development of innovative solutions that meet the needs of working families. Municipalities in Texas need creative solutions to build child care capacity. Boston's example of land use, community-labor coalitions, and sustainable partnerships shows a multi-pronged approach to addressing child care challenges. Land use changes in Texas cities can ease the development burdens that accompany facility expansion and reduce capital costs to build new child care facilities.

As Texas's growth leads to the development of nontraditional industries and working hours, programs that support non-traditional child care hours will become increasingly important. Innovative solutions to workforce development in the child care industry are more pressing than ever, and policymakers must consider sustainability when they plan workforce pipelines. Cross-sectoral partnerships can diversify funding streams and expertise the develop long-lasting industry improvements.

How Boston Did It

Using zoning innovations, community-labor coalitions, and federal funding, Boston is improving its child care outlook.

Zoning and Land Use Innovation. Signed in 2022, Boston Mayor Michelle Wu's Executive Order on Inclusion of Daycare Facilities regulates developments over 100,000 square feet in 14 downtown zoning districts.[47] Before the executive order, developers could choose either to create on-site child care facilities or contribute to a fund that supports and expands child care in Boston. However, contribution amounts to the fund were often lacking in transparency and subject to debate, which complicated enforcement.

Mayor Wu's order dictates a clear formula for developers who elect to contribute to the child care fund instead of building on-site. The decision increases transparency and consistency and acknowledges that on-site child care facilities may not meet the needs of downtown working families or families in underserved neighborhoods.

Funds from developers that are deposited into the child care fund are used by the Mayor's Office of Early Childhood (OEC) to prioritize high-quality child care expansion efforts in the high-need neighborhoods of Boston. This happens through direct grants to providers, technical assistance, retrofitting for energy efficiency, and direct training of the child care workforce.

The OEC and the Boston Planning and Development Agency Zoning Reform Team partnered to update definitions of child care in the Boston Zoning Code and allow child care centers and accessory family child care homes in all Boston neighborhoods, except Maritime Economy Reserve districts.[48]

The team unified the definitions of child care facilities based on those used by the Massachusetts Department of Early Education and Care. Terms like "day care center" and "accessory family day care" were updated to "child care center" and "accessory family child care home" to distinguish child care from other types of day care, such as programs for seniors.

Some Boston neighborhoods had district-specific land use regulations that prohibited or conditioned child care facilities, forcing them to receive a conditional use permit through the Zoning Board of Appeals process. This added financial and administrative burdens that were not conducive to expanding access to child care in Boston. Changing the land use code to allow child care centers and accessory family child care homes in all neighborhoods reduced barriers to capacity expansion.[24]

Other regulations limited child care facilities from operating above the ground floor or using property space above a certain threshold and mandated minimum parking requirements, all of which created additional burdens for child care operations. The city removed these barriers to ease developmental processes for child care facilities.

Community and labor coalitions. Labor unions and community groups throughout Boston partnered to organize paid and unpaid child care that enables caregivers to enter and remain in good union careers, such as those in construction or hospitality.[49] The group, Care That Works, connects working parents—especially those working nontraditional or off-peak hours—to certified in-home daycare providers, increasing access to licensed child care in one of the most expensive states in the nation.[50]

Federal Funds. In August 2022, Boston received $23 billion in funding through the American Rescue Plan for the Federal Good Jobs Challenge. The funds, to be used over three years, enabled the creation of the Good Jobs Metro Boston Coalition Child Care Sectoral Partnership, which aims to create a child care workforce sourcing, development, and employment system to place 850 candidates in good child care jobs.

Community Advocates for Young Learners serves as the backbone organization for this collective approach. It will partner with the Boston Office of Workforce Development and the Metropolitan Area Planning Council to strengthen the child care workforce and build a sustainable pipeline that will outlast the end of the federal funding.

Conclusion

Texas's economic development efforts must address the urgent challenges of the state's child care system. Policymakers and advocates must come together to inform and institute changes that will best support the needs of all stakeholders: the child care workers and providers, the working families with young children, and the businesses that employ those working parents and caregivers.

The implementation of legislation in other states and cities across the nation provides a solid starting blueprint. It's Texas's turn to establish child care support policies that will help grow the state's economy and support Texas families now and in the future.

End Notes

[1] Karen Brooks Harper, "Texas voters gave retired teachers raises and approved new infrastructure funds as most constitutional amendments passed," *The Texas Tribune,* November 7, 2023, https://www.texastribune.org/2023/11/07/texas-constitutional-amendment-election-results/.

[2] "Child care costs in the United States," Economic Policy Institute, accessed November 3, 2023, https://www.epi.org/child-care-costs-in-the-united-states/#/TX.

[3] "QuickFacts. Texas," United States Census Bureau, accessed November 3, 2023, https://www.census.gov/quickfacts/fact/table/TX/BZA210221.

[4] "Child Care is a Problem for Everyone," Texas Association for the Education of Young Children, March 2023, https://texasaeyc.org/wp-content/uploads/2023/03/Child-Care-Shortage-One-Pager.pdf.

[5] Adam Grundy, "Estimated Revenue for Child Care Day Services Climbed as Child Care Options Declined in 2021," US Census Bureau, January 9, 2024, https://www.census.gov/library/stories/2024/01/rising-child-care-cost.html?utm_campaign=20240109msacos1ccstors&utm_medium=email&utm_source=govdelivery.

[6] Jill Ament, "Child-care deserts in Texas hitting low-income families the hardest, research shows," KERA News, https://www.keranews.org/business-economy/2022-06-10/child-care-deserts-in-texas-hitting-low-income-families-the-hardest-research-shows.

[7] How Childcare Impacts Texas's Workforce Productivity and the State Economy," U.S. Chamber of Commerce Foundation, 2021, https://chamber-foundation.files.svdcdn.com/production/documents/EarlyEd_TEXAS_2021_DIGITAL.pdf?dm=1694110498.

[8] Emily Hernandez and Kalley Huang, "Families are desperate for child care, but providers face a 'roller coaster' trying to survive," *The Texas Tribune*, March 15, 2022, https://www.texastribune.org/2022/03/15/coronavirus-texas-child-care-closed-pandemic/.

[9] "Texas Child Care Closures," Children at Risk, accessed November 3, 2023, https://childrenatrisk.org/childcareclosuremap/#:~:text=Texas%20has%20lost%2021%25%20of,communities%20become%20child%20care%20deserts.

[10] "Access to Affordable High-Quality Child Care is Scarce," Children at Risk, June 2, 2022, https://childrenatrisk.org/child-care-desert-analysis-23/.

[11] Rasheed Malik, *The Effects of Universal Preschool in Washington, D.C. Children's Learning and Mother's Earnings,* Center for American Progress, (2018), https://cdn.americanprogress.org/content/uploads/2018/09/14125635/Children-Learning-Mothers-Earning-report.pdf?_ga=2.121734536.228363175.1625670894-455886727.1621976187.

[12] *High Return on Investment,* The Center for a High Impact Philanthropy, The University of Pennsylvania, (2015), https://live-penn-impact.pantheon.io/wp-content/uploads/2016/2015/06/Why-Invest-High-Return-on-Investment.pdf.

[13] Robert Pianta, Jessica Whittaker, Virginia Vitello, and Arya Ansari, "Invest in programs that boost children's learning and development," Brookings, (October 5, 2021), https://www.brookings.edu/articles/invest-in-programs-that-boost-childrens-learning-and-development/.

[14] Sandra Bishop, *The Growing, Annual Cost of the Infant-Toddler Child Care Crisis in Texas,* Ready Nation Council for a Strong America, (March 2023), https://strongnation.s3.amazonaws.com/documents/1737/df50b2de-588c-4f99-a534-b0bcb4da6ce9.pdf?1698172324&inline;%20filename=%22$11.4%20Billion:%20The%20Growing,%20Annual%20Cost%20of%20the%20Infant-%20Toddler%20Child%20Care%20Crisis%20in%20Texas.pdf%22.

[15] "How Childcare Impacts Texas's Worforce Productivity and the State Economy," U.S. Chamber of Commerce Foundation, 2021, https://chamber-foundation.files.svdcdn.com/production/documents/EarlyEd_TEXAS_2021_DIGITAL.pdf?dm=1694110498.

[16] *Child Care Stimulus Funding Summary & Detailed Breakdown (as of March 2023),* Texas Workforce Commission, accessed November 3, 2023.

[17] First Five Years Fund, "Child Care & Development Block Grant in Texas," May 2023,

https://www.ffyf.org/wp-content/uploads/2023/05/2023_CCDBG-Fact-Sheet_TX.pdf.
https://www.twc.texas.gov/programs/child-care/child-care-relief-fund.
Lose Spots with End of Federal Funds," The Century Foundation, (June 21, 2023),
https://tcf.org/content/report/child-care-cliff/.

[20] Prenatal-to-3 Policy Impact Center, "Child Care in Crisis: Texas Case Study," Brief #4, February 2023
https://pn3policy.org/wp-content/uploads/2023/02/PN3PIC_ChildCareinCrisis-TexasCaseStudy_4.pdf.
https://www.twc.texas.gov/sites/default/files/ccel/docs/ccdf-state-plan-2022-2024-twc.pdf.

[22] Prenatal-to-3 Policy Impact Center, "Child Care in Crisis: Texas Case Study," Brief #1, February 2023, https://pn3policy.org/wp-content/uploads/2023/01/PN3PIC_ChildCareinCrisis-TexasCaseStudy_1.pdf.

[23] Texas Association for the Education of Young Children, "Child Care is a Problem for Everyone," March 2023, https://texasaeyc.org/wp-content/uploads/2023/03/Child-Care-Shortage-One-Pager.pdf.

[24] Prenatal-to-3 Policy Impact Center, "Child Care in Crisis: Texas Case Study," Brief #3, February 2023, https://pn3policy.org/wp-content/uploads/2023/02/PN3PIC_ChildCareinCrisis-TexasCaseStudy_3.pdf.

[25] Prenatal-to-3 Policy Impact Center, "Child Care in Crisis: Texas Case Study," Brief #2, February 2023, https://pn3policy.org/wp-content/uploads/2023/01/PN3PIC_ChildCareinCrisis-TexasCaseStudy_2.pdf.

[26] Center for American Progress, "Child Care," https://www.americanprogress.org/topic/child-care/.

[27] Prenatal-to-3 Policy Impact Center, "Child Care in Crisis: Texas Case Study," Brief #1, February 2023, https://pn3policy.org/wp-content/uploads/2023/01/PN3PIC_ChildCareinCrisis-TexasCaseStudy_1.p.df

[28] Prenatal-to-3 Policy Impact Center, "Child Care in Crisis: Texas Case Study," Brief #2, February 2023, https://pn3policy.org/wp-content/uploads/2023/01/PN3PIC_ChildCareinCrisis-TexasCaseStudy_2.pdf.
a Strong America, (March 2023),
https://strongnation.s3.amazonaws.com/documents/1737/df50b2de-588c-4f99-a534-b0bcb4da6ce9.pdf?1698172324&inline;%20filename=%22$11.4%20Billion:%20The%20Growing,%20Annual%20Cost%20of%20the%20Infant-%20Toddler%20Child%20Care%20Crisis%20in%20Texas.pdf%22.

[30] Prenatal-to-3 Policy Impact Center, "Child Care in Crisis: Texas Case Study," Brief #3, February 2023, https://pn3policy.org/wp-content/uploads/2023/02/PN3PIC_ChildCareinCrisis-TexasCaseStudy_3.pdf.

[31] *2023 Kids Count Data Book. State Trends in Child Well-Being*, The Annie E. Casey Foundation, (2023), https://assets.aecf.org/m/resourcedoc/aecf-2023kidscountdatabook-2023.pdf.

[32] How Childcare Impacts Texas's Worforce Productivity and the State Economy," U.S. Chamber of Commerce Foundation, 2021, https://chamber-foundation.files.svdcdn.com/production/documents/EarlyEd_TEXAS_2021_DIGITAL.pdf?dm=1694110498.

[33] Alyn T. McCarty, "Child poverty in the United States: A Tale of Devastation and the Promise of Hope," Sociology Compass 10.7 (2016): 623-639, DOI: 10.1111/soc4.12386.

[34] How Childcare Impacts Texas's Worforce Productivity and the State Economy," U.S. Chamber of Commerce Foundation, 2021, https://chamber-foundation.files.svdcdn.com/production/documents/EarlyEd_TEXAS_2021_DIGITAL.pdf?dm=1694110498.

[35] Sandra Bishop, *The Growing, Annual Cost of the Infant-Toddler Child Care Crisis in Texas,* Ready Nation Council for a Strong America, (March 2023), https://strongnation.s3.amazonaws.com/documents/1737/df50b2de-588c-4f99-a534-b0bcb4da6ce9.pdf?1698172324&inline;%20filename=%22$11.4%20Billion:%20The%20Growing,%20Annual%20Cost%20of%20the%20Infant-%20Toddler%20Child%20Care%20Crisis%20in%20Texas.pdf%22.

[36] United States Census Bureau, "American Community Survey 2022 1-Year Estimates, Poverty Status in the Past 12 Months," Accessed November 8, 2023, https://data.census.gov/table/ACSST1Y2022.S1701?q=child+poverty+in+Texas.

[37] "Child Care Desert Dashboard," Children at Risk, accessed November 8, 2023, https://childrenatrisk.org/childcaredesertmap/.

[38] First Five Years Fund, "Child Care & Development Block Grant in Texas," May 2023, https://www.ffyf.org/wp-content/uploads/2023/05/2023_CCDBG-Fact-Sheet_TX.pdf.

[39] "Why it matters," First Five Years Fund, accessed November 8, 2023, https://www.ffyf.org/why-it-matters/.

[40] "The Tennessee Department of Human Services Increases Reimbursement Rates to Enhance Child Care Access and Support to Families in Need," Tennessee Department of Human Services, October 2, 2023. https://www.tn.gov/humanservices/news/2023/10/2/the-tennessee-department-of-human-services-increases-reimbursement-rates-to-enhance-child-care-access-and-support-to-families-in-need.html.

[41] "The History of the Texas Franchise Tax," Office of the Texas Comptroller of Public Accounts, May 2015, https://comptroller.texas.gov/economy/fiscal-notes/2015/may/franchisetax.php.

[42] "A Review of the Texas Economy from the Office of Glenn Hegar, Texas Comptroller of Public Accounts," Office of the Texas Comptroller of Public Accounts, December 2023.

[43] "Franchise Tax Exemptions & Credits," Austin Chamber of Commerce, Accessed January 31, 2024. https://www.austinchamber.com/economic-development/taxes-incentives/tax-exemptions-credits/franchise-tax-exemptions-credits.

[44] "Home," Early Reach: A Partnership of Harris County, BakerRipley, and United Way of Greater Houston. Accessed February 22, 2024, https://earlyreach.org/centers/.

[45] "Child Care Loan Programs," Connecticut Health and Educational Facilities Authority, Accessed January 31, 2024. https://chefa.com/financing-programs/child-care-loan-programs.

[46] General Assembly of the Commonwealth of Kentucky, https://apps.legislature.ky.gov/recorddocuments/bill/22RS/hb499/bill.pdf.

[47] "Mayor Wu issues executive order to strengthen childcare zoning regulations," Boston Planning & Development Agency, Accessed November 29, 2023, http://www.bostonplans.org/news-calendar/news-updates/2022/07/26/mayor-wu-issues-executive-order-to-strengthen-chil.

[48] "Citywide Child Care Zoning," Boston Planning & Development Agency, Accessed November 29, 2023, https://www.bostonplans.org/zoning/zoning-initiatives/citywide-child-care-zoning.

[49] "Project Overview," Good Jobs Metro Boston Coalition Child Care Sectoral Partnerships, CAYL Institute, accessed November 29, 2023, https://www.cayl.org/gjmbc/.

[50] "Home," Care that Works, Accessed November 29, 2023, https://carethatworks.org/.