



Make sure the earliest environments are good ones.

When we get child development right, it is a foundation for community and economic development. The environments in children's early years play a crucial role in the ongoing process of building young minds. That is why high quality child care has such a far-reaching impact on kids, communities, and schools alike.

Building prosperity for tomorrow's Texas starts with building up our children for success. Science now shows that the environments where children first begin learning, including the child care settings where many spend a good part of their day, determine that success in ways not previously well understood. Unfortunately, the current child care system in Texas designed to provide child care services for low-income families can stand in the way of high-quality early education. Reimbursing child care services at a better rate would spur growth in the number of high-quality child care centers willing to serve low-income kids through our state's child care subsidy system; increase the number of children enrolling in high quality centers; and lead to more young Texans entering kindergarten ready for school and success. The impact of an enhanced rate would grow if linked to an incentive system that considers quality measures.



Photography courtesy of Any Baby Can

What to Know:

- **A child's environment and early experiences shape the brain's architecture.** When positive, they have been shown to set a critical foundation for future learning, behavior, and health.¹ But when an early environment that a child spends time in is negative, it can increase levels of a stress hormone found to be harmful to the developing brain's architecture. This, in turn, can make it harder for kids later on to learn language and mathematical, reasoning, and memory skills.²
- **Texas makes an investment in its child care system but could be even more strategic** to ensure those dollars 1) provide care during the day so low-income parents can work and contribute to the economy; and 2) prepare at-risk children for success in the K-12 system. Economists have found that society gets the greatest returns on investments when low-income kids, from birth to age five, have opportunities that prime them for later learning.³ Texas limits these investments now and doesn't do enough to align services in the early years with what we know builds state prosperity later on.
- **The child care subsidy system refers to Texas' statewide child care assistance program for low-income working families** who need affordable child care options. Providers who participate in the program—child care centers, homes, and friend-family-neighbor care—agree to care for the children of low-income working families at a discounted rate.

*Focusing on Early Opportunities
Improving our child care subsidy system.*

- Providers are reimbursed through one of 28 local Texas Workforce Development Boards, which govern local child care subsidies and receive state support. **Funded primarily through federal dollars, the subsidy system also includes state and local dollars.**
- **Children are missing out on high quality child care because of current subsidy rates.**⁴ States should reimburse providers at the 75th percentile of market rate to ensure quality options for children, according to the federal government, but none of Texas' local workforce boards are meeting this recommendation.⁵ In some areas, the reimbursement rate is below half of the recommended rate, leading to fewer high quality child care options for families.⁶
- **Nearly 30% of Texas' children, ages birth through age five, are growing up in poverty, and most of them have parents who work, so they need a child care subsidy.**⁷ The subsidy system serves roughly 110,000 children per year, and there is always a waiting list for families that need care.⁸
- **Poor children are the most likely to arrive at kindergarten behind their peers, requiring immediate interventions in the K-12 system,** such as special education referrals, assistance from teaching specialists, and retention in early grade levels.⁹ These interventions cost Texas millions of dollars, but improving early child development environments could save these expenses by helping more children enter kindergarten school-ready.
- The research is clear that children attending **high quality early learning environments promote school success and life success,** thus decreasing costs for schools and society.¹⁰ A 2006 study conducted a cost-benefit analysis of investing in Texas' current early learning programs. The study found a 350% return on investment with savings realized through fewer children being referred to special education, fewer children being retained in school, more children graduating high school, and more Texans entering college.¹¹

Thinking About Costs

American economist Dr. James Heckman, who is considered one of the ten most influential economists in the world, won the Nobel Prize in 2000 for his research. He found there is no single better investment that local communities can make than in high quality early childhood development.

How to Make it Happen:

- **Improve the child care subsidy system** and increase reimbursement rates to ensure more children who qualify for subsidies receive high quality early learning, school readiness preparation, and social emotional development.

Sources

Thinking about Costs

- James Heckman, "Schools, Skills, and Synapses," Discussion Paper No. 3515. The Institute for the Study of Labor. May, 2008.

1 Jack Shonkoff, "Building a Foundation for Prosperity on the Science of Early Childhood Development," *Pathways*, Winter 2011, 10-15, http://stanford.edu/group/scspi/media_magazines_pathways_winter_2011.html.

2 Clancy Blair, et al, "Salivary Cortisol Mediates Effects of Poverty and Parenting on Executive Functions in Early Childhood" *Child Development* Vol. 82 #6, November/December 2011. Accessed Online at <http://onlinelibrary.wiley.com/doi/10.1111/j.1467-8624.2011.01643.x/full>.

3 James Heckman, "The Case for Investing in Disadvantaged Children," *Big Ideas for Children: Investing in our Nation's Future*. First Focus, 2008.

4 *Texas 3 Child care and Development (CCDF) State Plan - Amendment 5*, Texas Workforce Commission, October 2012.

5 *2011 Texas Child Care Market Rate Survey: Final Report*, The Center for Social Work Research and the Ray Marshall Center for the Study of Human Resources, at The University of Texas at Austin, February 2012. Copies may be obtained from Texas Workforce Commission.

6 *Texas 2012-2013 Child care and Development State Plan - Amendment 5*, Texas Workforce Commission, October 2012.

7 Annie E. Casey Foundation Kids Count Data Center, "Children in Poverty by Age Group (Percent) - 2011." Accessed online at: <http://datacenter.kidscount.org/data/bystate/stateprofile.aspx?state=TX&group=Custom&loc=45&ind=5650&dt=1%2c3%2c2%2c4>.

8 *Texas 2012-2013 Child care and Development State Plan - Amendment 5*, Texas Workforce Commission, October 2012.

9 Julia B. Isaacs, "Starting School at a Disadvantage: The School Readiness of Poor Children," Center on Children and Families at the Brookings Institute, March 2012.

10 Numerous resources can be found at The Heckman Equation website: www.heckmanequation.org.

11 Elisa Aguirre, et al., "A Cost-Benefit Analysis of Universally Accessible Pre-Kindergarten Education in Texas," The Bush School of Government and Public Service, May 2006, 74, http://txchildren.org/Images/Interior/early%20education/bush_school_report.pdf