

# In 2025, the Texas Legislature Can Help Working Families Access the High-Quality Child Care They Need

Texas families are facing significant child care challenges that undermine parents' capacity to work, children's early learning and school readiness, and employers' ability to hire the staff they need. This policy brief explores these challenges, highlights the experiences that parents have shared with us, and outlines policy recommendations for the Texas Legislature. This brief recommends three vital strategies:

1. **Strengthen** the Child Care Services (CCS) program, which provides child care scholarships to working parents with low incomes.
2. **Build up** the supply of child care programs that meet specific, urgent needs.
3. **Ensure** child care programs can recruit and retain qualified and effective staff.

While these strategies will require ongoing efforts in the years to come, this brief offers specific policy recommendations that state leaders can pursue during the 2025 legislative session to make significant progress on these challenges, enabling more Texas families to access the high-quality child care they need.

## Child care is vital to Texas families & economic development

For many Texas parents, access to high-quality child care is essential for their ability to go to work and provide for their families. Child care is essential for the Texas economy to flourish and is also monumental for the children who are able to participate. **In this critical age for brain development, high-quality child care helps working parents provide their children with opportunities to learn, socialize with classmates, and — as shown in the Texas School Readiness Dashboard — build new skills to help them succeed in school.**<sup>1</sup>

In this legislative session, lawmakers can embrace a vision where children are nurtured and supported, parents have a variety of affordable, high-quality child care options that meet their needs, and businesses throughout the state can prosper.



Thanks to a CCS scholarship from TWC, Claudia was able to go to school, get her cosmetology license, and go to work.

## Despite its importance, Texas families are struggling to access the care they need

Families across Texas are feeling the impact of the child care crisis. Parents are:

- Calling providers all over town for weeks or months — desperate to find a spot for their child;<sup>2</sup>
- Seeing their child care program unexpectedly shut down when the staff quit to work in fast food restaurants or other industries that pay higher wages;<sup>3</sup>
- Feeling forced to place their young children in unlicensed care that may put their child in front of a screen all day — or even in a potentially unsafe environment — instead of placing them with well-trained educators who can keep them safe, read them books, engage in brain-building conversations, and more;<sup>4</sup> and
- Leaving the workforce altogether.<sup>5</sup>

This crisis is driven by a lack of adequate funding, where child care programs are operating on barely sustainable margins (typically less than 1 percent)<sup>6</sup>, Texas child care educators are paid about \$12 per hour with little to no benefits<sup>7</sup>, and parents are paying more than they can afford — with infant care costing more than in-state tuition for a four-year public college<sup>8</sup>. In other words, parents can't pay more, educators can't make less, and programs are spending the little money they have to barely stay afloat.

More than eight in ten (83 percent) Texas children under age six in working families with low incomes live in a “child care desert.”<sup>9</sup> That means they live in an area without sufficient access to child care that accepts financial assistance, known as scholarships, making it very difficult for working parents to find affordable child care in their community. The shortage of child care openings is not just due to a lack of programs, but also a shortage of educators. **Primarily due to an inability to recruit and retain enough staff, Texas child care centers are serving only 68 percent of the kids they have room to serve.**<sup>10</sup> The lack of affordable, high-quality child care options for working families in Texas results in an estimated loss of \$9.4 billion per year for the Texas economy, according to the U.S. Chamber of Commerce Foundation.<sup>11</sup>

This status quo leaves too many working parents in desperate situations, too many children in unsafe and unsupportive environments, and too many businesses struggling to maintain the employees they need.

### The Child Care Services (CCS) program enables Texas parents to go to work and help young children thrive — when they aren't on the waitlist

The Child Care Services (CCS) program, managed by the Texas Workforce Commission (TWC), provides financial aid — also known as scholarships or subsidies — for families who meet work and income requirements to access high-quality child care. This program promotes self-sufficiency by enabling parents to work while their children enroll in enriching early learning programs. **Through CCS, eligible parents of children under the age of 13 may receive financial assistance to cover a portion or, in some cases, all of the costs for child care so they can work, search for work, or participate in job training.** About 30,000 Texas employers employ someone benefiting from CCS scholarships.<sup>12</sup>



**Child care scholarships help Texas businesses grow our economy.**

30,000 Texas employers have an employee using a scholarship from the Child Care Services program managed by the Texas Workforce Commission.

## The Impact of Child Care Scholarships from the State's CCS Program



**Helps parents** find and retain work, getting on a path to greater self-sufficiency



**Helps children** develop the social and learning skills they will need to succeed in school



**Helps employers** recruit and sustain a reliable workforce

Local Workforce Development Boards administer child care services through local Workforce Solutions offices. Specific eligibility requirements and coverage amounts can vary by service area. Critically, through the CCS program, families are empowered to enroll their children in child care that meets their needs and values, **such as faith-based programs, programs specializing in serving children with disabilities, or home-based programs with just a few other children.**

### **Due to insufficient state funding, the CCS program is leaving tens of thousands of eligible families on a waitlist for months or even years**

Funding for CCS programs comes primarily from the federal Child Care and Development Block Grant, but **many states provide additional state dollars to reach more eligible working families. Texas does not.** Using federal funds, TWC plans to serve approximately 145,000 children per day in fiscal year 2024. However, due to the limits of current funding, many eligible Texas children are left out of the scholarship program. When the annual federal funds run out, the waitlist for the Texas program grows. **In recent years, the waitlist for the CCS program in Texas has fluctuated from around 60,000 to as many as 97,000 children.**<sup>13</sup> In some areas, families can expect to be on the waitlist for at least six months and up to two years.<sup>14</sup> From February 2022 to February 2023, Texas was one of only four states that increased the number of children and families on their waitlists for child care assistance, or began placing families on a waitlist.<sup>15</sup>

### **Texas parents shared with us their stories of how child care scholarships changed their lives**

Texans Care for Children recently interviewed a number of Texas parents about their experiences using child care scholarships from the Texas Workforce Commission. **Their stories underscored the program's value and the importance of helping more Texan families get off the waitlist.** Here are a few examples.

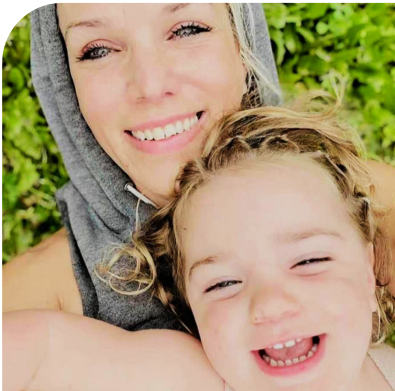


**“I’ve been on workforce (scholarships), and it’s been a beautiful experience. When we first got in, we were going through a rough patch financially. Now, I’m able to come to work and have my kids in a high quality place where I know they will have the education that they will need.”**

– Anaelys, a mother of two children receiving CCS scholarships



- **Serena**, a mother of an Autistic three-year-old, was on the waitlist for a year. During that time, she struggled with depression, could not attend college classes, and turned down full-time jobs. But now, because of a CCS scholarship, she reports that she has been able to work full-time, attend classes, and take steps to better her mental health. Meanwhile, her daughter has learned to follow directions better, improved her speech, and learned to share with her classmates better.
- **Anaelys** was in an impossible situation before she got a child care scholarship, with nearly all of her salary going to pay for child care. Now, she's more financially stable. She also told us that the high-quality child care center was the reason her son was ready for kindergarten. Now, her daughter is there getting the same enriching early learning experiences.
- Thanks to a CCS scholarship, **Claudia** was able to go to school, get her cosmetology license, and go to work. She said that her kids weren't learning as much at home, but now they are thriving in a high-quality child care program.
- Before getting a child care scholarship, **Rachael** lived in a shelter and worked cleaning houses. However, because she lacked access to child care, she could work just a few hours a day with her baby strapped to her back. Now, with a CCS scholarship, she's been able to work many more hours and has moved into a stable home.



**“I could only work a few hours a day. Now, I can work more. I’m in a way better position. I’m housed now... If I had to pay for daycare right now, I don’t know how I would do it... I’m so grateful we have it.”**

*– Rachael, a mother of two children, who received a CCS scholarship*

## Red states across the country are supporting critical new policies and state investments for child care

Across the country, child care is becoming a top bipartisan priority for state legislatures and governors.



In **Florida**, lawmakers and Governor Ron DeSantis approved a 2023 budget with an increase of \$100 million in state funding for their CCS program (known in Florida as School Readiness), as well as an additional \$77 million to sustain enrollment levels among working families.<sup>16</sup> In 2024, Florida doubled down, allocating an additional \$200 million to raise rates paid to early learning centers and family child care homes serving children in the School Readiness program.<sup>17</sup>



Lawmakers in **Alabama** — which has a population one-sixth the size of Texas — passed legislation to invest an additional \$30 million in state funding, for a total state allocation of \$47.8 million, to support the financial stability of child care programs.<sup>18</sup>



In **North Dakota** — which has 2.1 million fewer children under age six than Texas — lawmakers provided nearly \$66 million in state funding to support child care, including \$22 million to expand child care assistance to approximately 1,800 more children over two years.<sup>19</sup>

As Texas considers new policy and funding strategies, lawmakers should consider the promising examples set by these and other states.

## RECOMMENDATIONS

### Empower Parents to Find and Afford High-Quality Child Care

To ensure that families can access high-quality child care that meets their needs, lawmakers should take a comprehensive approach. To build a strong child care system, each of the following should be addressed:

1. **Strengthen** the CCS program to better serve Texas parents and the providers who serve them.
2. **Build up** the supply of child care programs that meet specific, urgent needs.
3. **Ensure** programs can recruit and retain qualified and effective staff.

By addressing each component of the crisis, lawmakers can provide parents greater opportunities to remain in the workforce, children access to effective early learning settings, and Texas businesses with the motivated and available workers they need.

#### **Strengthen the Child Care Services (CCS) program to better serve Texas parents and the providers who serve them.**

The CCS program establishes the infrastructure to ensure that low-income working families can access high-quality child care for their children. **However, due to the state's reliance on existing federal funds, tens of thousands of eligible families are stuck on the waitlist.** Additionally, TWC reimburses programs that serve families in CCS based on what private-pay families enrolling in their programs can afford and not necessarily the (higher) cost of providing services. As a result, reimbursement rates are artificially deflated, particularly in low-income neighborhoods.

**RECOMMENDATION:** Serve more eligible families on the waitlist with additional state funding.

**RECOMMENDATION:** Update the calculation of reimbursement rates to better align with the cost of providing services. Specifically, ensure reimbursement payments to providers in the CCS program match TWC's maximum reimbursement rate based on their quality level, regardless of parents' published tuition costs.

#### **Build up the supply of child care programs that meet specific, urgent needs.**

The CCS program is an effective tool for addressing the problem of child care affordability for working families with low incomes, but it does not address the problem of child care supply. There are not enough child care programs or enough available spots for children, but this is especially true in particular locations — such as **rural counties, child care deserts, and low-income areas** — and for particular kinds of child care — such as **infant/toddler care, care during evenings and weekends, and care for children with disabilities**.

**RECOMMENDATION:** Create a Child Care Supply Grants Pilot Program to enable communities to address pressing local child care needs, reduce child care deserts, and bring down costs for families.

## RECOMMENDATIONS

### **Ensure programs can recruit and retain qualified and effective staff.**

A key challenge in enrolling more children in high-quality child care programs is a lack of available, qualified staff. **When a child care program is understaffed, that program has to turn away families,** and the children who are served may be in more crowded, less supportive environments. Although the primary driver for the staffing shortage is low compensation, another challenge is that child care educators also need to be able to access supportive care for their own children, which they often cannot afford.

**RECOMMENDATION:** Add full-time child care workers to the state's priority list for Child Care Scholarships

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## Endnotes

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