

Red States are Confronting the Child Care Crisis

Could Texas Be the Next State to Support Working Parents by Ensuring More Children Have Access to High-Quality Early Learning Programs?

Across the country, child care is becoming a top bipartisan priority for state legislatures and governors. Lawmakers from both parties are increasingly taking action to ensure that high-quality child care is available so that parents can go to work and their children can receive enriching early learning experiences. Policymakers have recognized the importance of brain development from birth to age five, whether children are supported at home or in high-quality child care programs. Children in effective settings are put on a better path to school readiness compared to young children who are in lower-quality care or stuck in front of a TV all day while their parents work. However, despite this bipartisan consensus, Texas child care programs are struggling due to a lack of funding, and working families are paying the price.¹

This policy brief outlines three promising strategies in Republican-led states, including Florida, Alabama, Kentucky, and others that recently made significant investments to address the child care crisis:

- **Strategy One:** Serve more families in the state’s child care assistance program and address the waitlist
- **Strategy Two:** Stabilize programs’ costs and increase reimbursement rates
- **Strategy Three:** Address the child care workforce shortage by providing care to the children of child care educators

As Texas considers the next steps for child care policy, lawmakers and stakeholders should consider the promising examples set by other Republican-led states.



“Nothing’ is not an option. I think ‘nothing’ is continued failure. It’s actually a great bipartisan issue, and I think it’s frankly a great issue for Republicans to take up.”

– Former Texas House Speaker Dennis Bonnen on addressing the child care crisis
(March 28, 2024 on Spectrum News)

Strategy One: Serve more families in the state’s child care assistance program and address the waitlist

Recently approved in Florida, Montana, and North Dakota

Child care assistance programs in Texas and other states help working families with low incomes access high-quality child care, enabling parents to go to work while their children benefit from effective early learning environments. Funding for these programs comes primarily from the federal Child Care and Development Block Grant, but many states provide additional state funding for the program to reach more families.

In **Florida**, lawmakers and Governor Ron DeSantis approved a 2023 budget with an increase of \$100 million in state funding to the base funding for the child care assistance program (known in Florida as School Readiness) as well as an additional \$77 million to sustain child care assistance enrollment levels among working families.² Smaller red states — with respective populations of less than four percent of Texas — have also made investments. In **Montana**, lawmakers made an investment of \$14 million in state funding to increase the income limit for the child care assistance program from 150 percent of the federal poverty level (\$45,000 per year for a family of four) to 185 percent (\$57,720 per year for a family of four), while also reducing copayments for families who participate.³ Lawmakers in **North Dakota** 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.⁴ These states took different approaches to investing state dollars into their child care assistance programs based on their distinct needs.

During the last session of the Texas Legislature, lawmakers provided \$35 million in child care funding to the Texas Workforce Commission (TWC), which is the minimum needed for the state to draw down the full amount of federal funds for child care assistance. Those federal dollars currently help provide care for approximately 140,000 children.⁵ However, many eligible Texas children are left out of the subsidy program because of the lack of funding. As a result, Texas has a long waitlist for its child care assistance program, meaning thousands of eligible children are not being served, and just as many families are struggling to find high-quality care so they can go to work. **In recent years, the waitlist for the program in Texas has fluctuated from around 60,000 to as many as 97,000 children.**⁶ Because of the longstanding waitlist, serving more currently eligible Texas families in high-quality settings should be a priority.

Texas has over 2.3 million children under age six – that’s nearly one million more children under age six than Florida and nearly 2.2 million more than Montana and North Dakota combined.⁷ For Texas to take similarly strong steps, lawmakers should significantly increase our state’s investment into child care assistance.

“Expanding access to affordable, quality child care will make it easier for parents and guardians to engage in work, provide for their families, and strengthen local businesses and their communities.”

– North Dakota Governor Doug Burgum (R)

Strategy Two: Stabilize programs' costs and increase reimbursement rates

Recently approved in Alabama, Florida, Idaho, and Missouri

The investment in child care assistance described above is an important part of a state's approach to early learning, directly helping working families afford child care. However, these investments on their own do not address the underlying issue driving the child care crisis: a lack of sustainable state and federal funding that supports the financial stability of high-quality child care programs. It is becoming more clear that child care — like other public goods, such as roads, law enforcement, parks, and pre-k through 12th grade education — cannot be provided in a sustainable way if it is only funded through user fees. Because of a lack of adequate funding, child care programs are operating on barely sustainable margins, educators are paid about \$12 per hour with little to no benefits⁸, and parents are paying more than they can afford — with infant care costing more than in-state tuition for a four-year public college⁹. 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. Without more public funding, the math simply does not work. Many states have tapped state funds to help address the underlying math problem in targeted ways.

“Child care is a critical infrastructure, just like roads and bridges and ports and trains. Businesses have been saying, ‘What are you doing about child care?’ So I’m trying to be part of the solution.”

— Missouri State Rep. Brenda Shields (R)

In 2023, lawmakers in **Alabama** — which has a population one-sixth the size of Texas¹⁰ — 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 that participate in their state's quality rating and improvement system, known as Alabama Quality Stars.¹¹ These additional investments provide funding incentives that will allow programs to improve the quality of teaching and classroom settings. Additionally, Alabama lawmakers added \$4 million focused on startup funding for programs in high-need areas. In 2024, **Florida** doubled down on the progress they made in 2023, 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.¹² In **Missouri**, lawmakers increased funding for child care assistance by \$78.5 million, focused on increasing provider payment rates.¹³ Missouri lawmakers also provided an extra \$26 million for community-based child care providers to offer pre-kindergarten for four-year-olds, in addition to new investments into school district pre-k programs. **Idaho** lawmakers provided \$15 million to continue funding the Child Care Expansion Grant to expand existing child care programs and start new child care businesses.¹⁴

Currently, Texas is not appropriating any state funding to address these child care needs. Using federal COVID-relief dollars, the Texas Workforce Commission set up several programs that mirror these strategies, including stabilization grants for providers and expansion grants to open up new slots in high-need areas.¹⁵ However, once federal funding expired in 2023, so did these initiatives. As Texas considers strategies to make high-quality child care more effective, affordable, and sustainable, lawmakers should examine the effectiveness of the programs started with federal relief dollars and consider the strategies taken in these other states.

“Ensuring our youngest learners have a strong start to their educational journeys is one of my top priorities for my second term...Providing all children, no matter their zip code, with a solid foundation in education is critical to the future success of our state.”

– Alabama Governor Kay Ivey (R)

Strategy Three: Address the child care workforce shortage by providing care to the children of child care educators

Recently approved in Kentucky, Indiana, and Utah

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 means that the program can serve fewer children, and the children who are served may be in more crowded, less supportive environments. Although the primary driver for the staffing crisis is low compensation, another challenge is that child care educators also need to be able to access effective care for their own children. Based on an analysis from the Center for the Study of Child Care Employment, only one-half of the non-management workforce in early care and education nationwide is eligible for child care assistance, despite severely low wages.¹⁶ As a means to recruit and retain more child care educators, many states are passing or exploring new policies to provide early educators priority access to care.

Lawmakers in **Kentucky** recently expanded access to their child care assistance program by including employees who work 20 hours or more per week in a licensed child care center or certified family child care home, regardless of their total household income. According to the Kentucky Cabinet for Health and Family Services, 3,200 parents employed in early education and 5,600 children now benefit from the program.¹⁷ Similar proposals were recently codified in **Utah**¹⁸ and **Indiana**.¹⁹

In Texas, the child care staffing crisis is limiting how many children can access high-quality care. In TWC’s Child Care Workforce Strategic Plan, Rice University’s Texas Policy Lab analyzed child care enrollment levels based upon information from TWC’s Child Care Availability Portal. **They found that child care programs, despite long waitlists, were operating at about 68 percent of their desired capacity, due primarily to an inability to hire and retain enough child care educators.**²⁰ According to a recent policy brief by researchers at the LBJ School of Public Affairs at the University of Texas at Austin, child care educators would need to spend more than a third of their monthly income on the average cost of infant care.²¹

Texas does not currently have any policies or funding in place to address the child care needs of child care educators, despite educators struggling to access care for their own children. To help address the child care workforce shortage in Texas, lawmakers should explore strategies to enable programs to recruit and retain more qualified educators, including by helping them receive high-quality child care for their own children. By providing child care to the children of child care educators, more slots can be potentially unlocked for the rest of Texas families.

Texas Should Consider These Examples and Invest in Child Care During the Next Legislative Session

As Texas considers the next steps for child care policy, lawmakers and stakeholders should consider the promising examples set by other Republican-led states. By exploring strategies to serve more eligible families in child care assistance, allocate funding to help support the high costs of providing child care, and recruit and train more qualified early childhood educators, Texas can take significant steps during the next legislative session to help more working families access the high-quality child care they need and deserve.

Endnotes

1. New Survey Shows Lack of State Funding for Child Care is Costing Texas Families (2024). Texans Care for Children. Retrieved at: <https://txchildren.org/posts/2024/3/15/new-survey-shows-lack-of-state-funding-for-child-care-is-costing-texas-families>
2. State Child Care and Early Education Updates 2023 (2023). National Women's Law Center. Retrieved at: <https://nwlrc.org/wp-content/uploads/2024/01/State-Child-Care-and-Early-Education-Updates-2023-NWLC.pdf>
3. HB0648 (2023). Montana Legislature. Retrieved at: <https://leg.mt.gov/bills/2023/sesslaws/ch0773.pdf>
4. North Dakota lawmakers pass \$66 million package to address child care cost, availability (2023). INFORUM. Retrieved at: <https://www.inforum.com/news/north-dakota/north-dakota-lawmakers-pass-66-million-package-to-address-child-care-cost-availability>
5. Child Care by the Numbers (2024). Texas Workforce Commission. Retrieved at: <https://www.twc.texas.gov/data-reports/child-care-numbers>
6. *ibid.*
7. Texas School Readiness Dashboard (2024). Texans Care for Children. Retrieved at: https://txreadykids.org/demographics/#anc_1
8. Child Care Hiring and Retention Challenges Driven by Low Pay. (2023) PN3 Policy Impact Center. Retrieved at: https://pn3policy.org/wp-content/uploads/2023/02/PN3PIC_ChildCareinCrisis-TexasCaseStudy_3.pdf
9. Child care costs in the United States (2020). Economic Policy Institute. Retrieved at: <https://www.epi.org/child-care-costs-in-the-united-states/#/TX>
10. State Population Totals and Components of Change: 2020-2023 (2023). Census Bureau. Retrieved at: <https://www.census.gov/data/tables/time-series/demo/popest/2020s-state-total.html>
11. Alabama advocates celebrate historic \$42 million increase in state early childhood education investments (2023). Alabama School Readiness Alliance. Retrieved at: <https://www.alabamaschoolreadiness.org/alabama-advocates-celebrate-historic-42-million-increase-in-state-early-childhood-education-investments/>
12. Bright spots for young learners and families in Florida's budget (2024). Tallahassee Democrat. Retrieved at:
13. Missouri Makes Strides in Early Childhood Education: \$160 Million Funded to Improve Child Care Infrastructure. KTTN (2023). Retrieved at: <https://www.kttn.com/missouri-makes-strides-in-early-childhood-education-160-million-funded-to-improve-child-care-infrastructure/>
14. State Early Childhood Policy Landscapes. Alliance for Early Success (2023). Retrieved at: <https://earlysuccess.org/idaho>
15. Child Care Stimulus Resources webpage. Texas Workforce Commission (2024). Retrieved at: <https://www.twc.texas.gov/programs/child-care/stimulus-resources>
16. What the Bluegrass State Can Teach Us About Increasing Access to Child Care (2023). Center for the Study of Child Care Employment. Retrieved at: <https://cscce.berkeley.edu/publications/brief/kentucky-model/>
17. *ibid.*
18. H.B. 461 Child Care Grant Amendments (2024). Utah State Legislature. Retrieved at: https://le.utah.gov/~2024/bills/static/HB0461.html?utm_campaign=Newsletter%20-%20PN3&utm_medium=email&hsenc=p2ANqtz-8FKoddlEOpS.JxlqP0pzjym6iVXdb1qveULvxMJB0hPFWRJ7J7-oIQHebS2E7cyZF_I30_n3MsyypsKwr6ZHKwEqEbZm-w&hsmi=300875686&utm_content=300875686&utm_source=hs_email
19. Indiana lawmakers advance bill to expand child care eligibility (2024). WISHTV.com. Retrieved at: <https://www.wishtv.com/news/indiana-news/indiana-lawmakers-committee-advances-bill-to-expand-child-care-eligibility/>
20. Child Care Workforce Strategic Plan 2023-2025 (2023). Texas Workforce Commission. Retrieved at: <https://www.twc.texas.gov/sites/default/files/ccel/docs/child-care-workforce-strategic-plan.pdf>
21. Texas Continues to Face Child Care Accessibility Crisis (2024). UT News. Retrieved at: <https://news.utexas.edu/2024/03/20/texas-continues-to-face-child-care-accessibility-crisis/>