

January XX, 2011

Capital Area Workforce Board (CAWB)

RE: Child Care Services Reimbursement Rates continue to fall well below actual cost of care

The City of Austin Early Childhood Council (ECC) is a thirteen member advisory body charged with advising and making recommendations to the Austin City Council regarding early childhood issues, including the continued development of a system of quality early care and education. The Capital Area Workforce Board's child care program serves an average of 3,000 children a day and is an essential support program for many low-income and working families in the Austin community.¹ Within a year of receiving child care subsidies, 78% of unemployed parents secured employment and 85% of working parents maintained employment.²

The ECC is concerned with the low reimbursement rates awarded to participating child care providers. The maximum state reimbursement rate for child care subsidies is roughly 78% of the average cost of care.³ We understand that, while the CAWB has local flexibility when setting reimbursement rates, it is somewhat limited by enrollment targets established by the Texas Workforce Commission. We also understand that, without additional funding, increasing reimbursement rates will decrease the number of children served, so the solution should include an overall expansion of funding for the subsidy program. We urge the Workforce Board to continue to advocate for this funding expansion and for reimbursement rates that match the actual cost of care.

We commend the CAWB for investing in quality improvement efforts through such initiatives as the Quality Child Care Collaborative (QC3) and for granting higher subsidy rates to providers who participate in Texas Rising Star and other quality improvement programs. Unfortunately, the higher rate is still much less than the actual cost of care, and centers may lose as much as \$2,900 per child in annual tuition.⁴ Research has demonstrated that access to high quality early education programs greatly improves children's school readiness and emotional health. It is important to support providers in their efforts to create quality learning environments for all children, including those who access care through the subsidy program.

Centers that participate in the subsidy system must make difficult decisions to offset the loss in revenue. Providers tell us they have taken the following measures to compensate: accepted fewer children on subsidies; discontinued participation in the subsidy program; delayed quality improvement efforts; decreased professional development and employee retention efforts.

¹ WFSCAWB webpage, "Public Policy Priorities, Child Care and early Childhood Development," http://www.wfscapitalarea.com/index.php?option=com_content&task=category§ionid=11&id=123

² Laura Koenig, "Child Care in Travis County," E3 Alliance, 2011, <http://www.ci.austin.tx.us/edims/document.cfm?id=15954>

³ Ibid.

⁴ "Comparison of Maximum RTS CCS Daily Rates to Market Rates," Handout provided to Early Childhood Council, December 13, 2011

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We appreciate the work you do on behalf of low-income, working families and would like to speak further about reimbursements rates and how we, as an advisory body, can work with and support the CAWB in efforts to find the best solution for providers and parents.

Sincerely,

Kyle Holder, Chair
City of Austin Early Childhood Council