

DRAFT criteria for affordable high-quality child care with notes for ECC consideration

Per Goal #7 of Council [Resolution No. 20221201-044](#) and consistent with Resolution No. 20210826-108, “Where appropriate, new City facilities and City-sponsored projects should include affordable, high-quality childcare, especially childcare facilities that serve infants and toddlers and accept vouchers.”

As directed, staff worked with the Success By 6 Coalition and the Early Childhood Council to articulate criteria for affordable, high-quality child care. Staff proposes the following criteria for consideration by City Council.

Proposed Criteria

The following criteria apply specifically for the purposes of City business and policy related to child care in new City facilities and City-sponsored projects. (Note, the criteria below do not apply to all city business and policies.)

I. Child Care

(Note, staff propose that the following criteria child care apply to all city business and policies.)

A. A child care program does all of the following:

1. Offers full-day, year-round care
2. Primarily or exclusively serves children birth to age 5 (those who are not yet eligible for kindergarten), including infants and toddlers

II. High-Quality Child Care

(Note, staff propose that the following criteria child care apply to all city business and policies.)

A. A high-quality child care program meets one or more of the following criteria:

1. Is nationally accredited by the National Association for the Education of Young Children (NAEYC) or the National Accreditation Commission for Early Care and Education Programs (NAC), and/or other national accreditation recognized by the Texas Workforce Commission
2. Has a quality rating of Texas Rising Star (TRS) 4 Stars
3. Is an Early Head Start/Head Start (EHS/HS) program

B. Quality ratings are site-specific and the child care site needs to be operating for a minimum of 6 months before being assessed for TRS by the local workforce board.

Similarly, it takes time for a new site to achieve national accreditation. Therefore, when working with child care programs on newly developed sites, it is recommended that the City do both of the following:

1. Consider whether the operator has a demonstrated experience operating programs that meet one or more of the above quality criteria as outlined in II.A.1, II.A.2, and II.A.3
2. Require that the child care operator for a new site agree to operate the program at high quality standards from day one, preferably based on NAEYC Standards, and at a minimum, based on the requirements for achieving a TRS 4 Star rating, and that the operator do at least one of the following:

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- i. Achieve a TRS 4 Star rating within one year of opening
- ii. Seek national accreditation, preferably through NAEYC, within 18 months of opening

III. Affordable Child Care

(Note, staff propose that the following criteria for affordable child care apply specifically for the purposes of City business and policy related to child care in new City facilities and City-sponsored projects, and that it not apply more broadly to all city business and policies.)

- A. An affordable child care program meets one or both of the following criteria:
 1. Serves at least 10 children ages birth to 5 who receive Texas Workforce Commission child care scholarships through the local workforce development board
 2. At least 20% of children enrolled receive Texas Workforce Commission child care scholarships through the local workforce development board

Notes to Early Childhood Council members on the above Proposed Criteria for Council

The information below is provided to add more context for ECC discussion of the above criteria.

Criteria for “Child Care”

Staff propose that the criteria for “child care” should apply to all city business and policies. The criteria for what child care programs this applies to (full-day, year-round, serving children birth to age 5) reflect the types of high-quality care that are most challenging for families to find and afford. Currently, the greatest need is for affordable, high-quality infant and toddler care.

Criteria for “High-Quality”

Staff propose that the criteria for “high-quality” should apply to all city business and policies. The criteria for high-quality were chosen because they are industry-recognized credentials with standards that are tied to positive, long-term child outcomes. Research shows that all children benefit from high-quality preschool, with children from families with low income and those who are English language learners benefitting the most.¹

Criteria for Affordability

Staff propose that the criteria for “affordable child care” outlined above be applied specifically for the purposes of City business and policy related to child care in new City facilities and City-sponsored projects (as outlined in Goal #7 of Council [Resolution No. 20221201-044](#)).

Typically, definitions of affordability are based on a percentage of household income. For example, the definition of affordable housing used by the United States Department of Housing and Urban Development is housing in which the occupant(s) is/are paying no more than 30 percent of their income for gross housing costs, including utilities. However, no percent-of-household income threshold that is applicable across all income levels has been set for child care affordability.

The U.S. Department of Health and Human Services (HHS) considers child care affordable for families with low income receiving child care subsidies if a family’s subsidy co-pay is no more than 7% of their

¹ <https://learningpolicyinstitute.org/product/building-blocks-high-quality-early-childhood-education-programs>

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income. There are limitations to this benchmark. First, it is based on U.S. Census data on family spending from 1997-2011, so it is not reflective of more recent economic trends impacting households such as inflation. Furthermore, [per the Bipartisan Policy Center](#), the 7% benchmark is not an applicable affordability metric for all families. The Center points out that, “As the current child care market is driven by private pay families, with only 6.4% of children in early childhood education programs receiving public or private subsidies, broadly applying the 7% benchmark overlooks the significant public funding covering the gap between 7% of a family’s income and the price of child care.”²

Indeed, in the state of Texas, there is no requirement for child care programs to accept child care scholarships. The maximum state reimbursement rate for child care scholarships to child care operators is set at 75% of the market rate.³ In the Capital Area Workforce Board region, 60% of eligible child care providers have a contract to accept child care scholarships. Programs that accept scholarships often limit the number of children enrolled who are funded by scholarships because the funding does not cover the full cost of providing care.⁴ In Texas, scholarship enrollments account for less than 20 percent of licensed capacity for 60% of the providers.⁵

Per the Bipartisan Policy Center, “A blunt income-based threshold does not truly reflect the child care cost burden for many families. Any affordability metric must be sensitive to income brackets and other considerations, such as household size and regional cost of living.”⁶ The Economic Policy Institute’s family budget calculator takes these factors into account, but it is more useful as a household-level tool that considers family characteristics such as number of parents and children than for developing an across-the-board child care affordability metric on which to base policies and programs.

Additionally, creating an across-the-board benchmark for child care affordability based on what families can pay could have unintended consequences on the child care sector. There are several calculators available to evaluate the cost of providing high quality care. These calculators help illustrate that the cost of providing high quality care often far exceeds the amount that families are able to pay for it and that public child care scholarships cover. The Bipartisan Policy Center explains:

“Any policy considerations related to making child care more affordable for parents must include child care providers, especially since providers cannot lower prices. They already operate on slim budgets, and child care workers receive poverty wages and often lack health insurance and other benefits. Often, child care providers [are not able to charge parents the true cost](#) of providing high quality child care because they know parents are struggling. Any blunt affordability requirements or limits will hurt child care providers, since any decrease in parent fees will mean a decrease in business revenue. Therefore, working to make child care more affordable must also include more public funding for child care providers.”⁷

Finally, of note, these proposed criteria are unrelated to whether a particular City facility or City-sponsored project is in a geographic area where there is a need for additional affordable, high-quality child care.

² [Demystifying Child Care Affordability, Bipartisan Policy Center, August 31, 2020](#)

³ https://www.twc.texas.gov/files/policy_letters/22-22-twc.pdf

⁴ <https://txicfw.socialwork.utexas.edu/2021-cost-of-quality-price-modeling-report/>

⁵ https://www.twc.texas.gov/files/agency/commission_meeting_materials_01.06.23_item3_hbB619_strategic_plan.pdf

⁶ [Demystifying Child Care Affordability, Bipartisan Policy Center, August 31, 2020](#)

⁷ [Demystifying Child Care Affordability, Bipartisan Policy Center, August 31, 2020](#)

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By requiring child care programs operating on City developments and City-sponsored projects to meet high-quality standards and serve a minimum of 10 children or 20% of enrolled children who use child care scholarships, the City can help increase access to affordable, high-quality early care and education for families with low income who are working or attending school.