

Child Care

A CRITICAL WORK SUPPORT FOR FAMILIES



EXECUTIVE SUMMARY

Nearly 14 million women and girls live in Texas¹ – working, going to school and caring for families. When the women of Texas are financially secure, families and communities are strong and stable. When women are healthy and well-educated, their strength creates a positive ripple effect for their families and communities.

Texas women have made great strides over the last several decades by increasing their education and taking more leadership roles in the business world. But even with significant educational and economic progress, Texas could do more to close the gaps that still exist for women and ensure they reach their full potential.

As reported in *Economic Issues for Women in Texas 2014*, four essential building blocks are critical to women's economic security: education, child care, health insurance and housing. Education is a pathway to economic security; child care is a critical work support for families; health insurance is a financial shield against the unexpected; and housing is the anchor of economic security. All four work together to support financially strong women, girls and families.



EDUCATION



CHILD CARE



HEALTH INSURANCE



HOUSING

Child Care: A Critical Work Support for Families is one in a four-part series that focuses on each of the building blocks of women's financial security.

The entire **Economic Issues for Women in Texas** series is available at www.dallaswomensfdn.org/economicissues.



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¹ U.S. Census Bureau, Population Division; Annual Estimates of the Resident Population by Sex, Race, and Hispanic Origin: April 1, 2010 to July 1, 2015. Table PEPA001EX

Things You Should Know About Texas Women and Child Care

- 62 percent of Texas moms are in the paid labor force.²
- The majority of Texas children are part of families where both parents work outside the home, or one parent if in a single-parent family. This describes 59 percent (1.3 million) of children under age 6, and 62 percent (1.7 million) of children ages 6 to 12.³
- The average yearly cost of full-time child care in Texas is between \$7,000 to \$9,000, depending on the age of the child.⁴
- Access to child care helps women increase their employment, wages, job stability and advancement.⁵
- Fewer than 10 percent of eligible children receive child care subsidies.⁶
- Pre-K provides child care and early education to 220,000 children in Texas.⁷

WHAT TO DO

Removing barriers to affordable child care strengthens women and their families, and gives them the means they need to succeed.

- State legislators can build off of existing Pre-K programs and provide additional funding to support full-day programs.
- For school districts that offer full-day Pre-K programs, Texas can fund Pre-K students at the same rate as K-12 students (instead of at half the rate, as is currently the case).
- School districts can choose to serve Pre-K students beyond the funded student eligibility categories, and charge students tuition if necessary.
- The State of Texas can create a public-private partnership to increase the amount of funding available to subsidize child care costs for working families, modeled after Florida's Child Care Executive Partnership.
- Employers can institute "family-friendly" policies and work options, such as paid family leave, dependent care reimbursement accounts, flex time, telecommuting and greater employee choice in managing work hours.



² Center for Public Policy Priorities analysis of 2014 American Community Survey IPUMS data. IPUMS-USA, University of Minnesota, www.ipums.org. Mothers are defined as women age 16 or older with own children in the household.

³ The Annie E. Casey Foundation, KIDS COUNT Data Center, <http://datacenter.kidscount.org>. Children Under Age 6 With All Available Parents in the Labor Force. <http://bit.ly/2fVkuS4>. Children Ages 6 to 12 With All Available Parents in the Labor Force. <http://bit.ly/2eGa8t1>

⁴ Schwab, J., et. al. (2016). 2016 Texas Child Care Market Rate Survey prepared for the Texas Workforce Commission. Austin, TX: The University of Texas at Austin, Child & Family Research Institute, Ray Marshall Center. <http://bit.ly/2fWqJg> Yearly estimates are based on multiplying average daily cost of full-time care at child care centers by 250 day per year.

⁵ Lee, S. (2007). *Keeping Moms on the Job*. Washington, DC: Institute for Women's Policy Research. See also Hofferth, S. L., & Collins, N.J. (1997). *Child rearing and employment turnover*. Washington, DC: Institute for Women's Policy Research. <http://bit.ly/2eY0XHL>

⁶ Most workforce boards use an eligibility cutoff of 85 percent of the state median income or approximately \$51,000 per year for a family of three. Census data show more than 2.3 million Texas children under age 12 live below this threshold (U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Table B17024), and 183,000 children receive subsidies.

⁷ Texas Education Agency. (2016). *Texas public prekindergarten programs and enrollment ages 3 and 4 (2014-2015)* [Data File]. <http://bit.ly/2fxJYtQ>

WOMEN'S FINANCIAL SECURITY

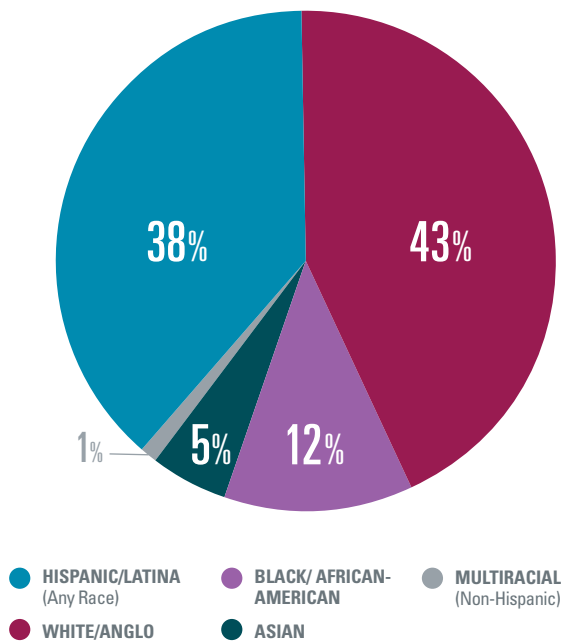
Families are increasingly dependent on women's financial security. In Texas, 61 percent of families rely wholly or substantially on women's incomes.⁸

But women also tend to be more financially vulnerable than men, with a greater likelihood of poverty and lower median incomes overall.⁹ Although the likelihood of poverty is similar in childhood, as women and men age, women become increasingly more likely to fall below the poverty line. For adult Texans, women are 1.4 times more likely to live in poverty than men in the same age group.¹⁰ Child care is a critical piece of supporting women's financial security.

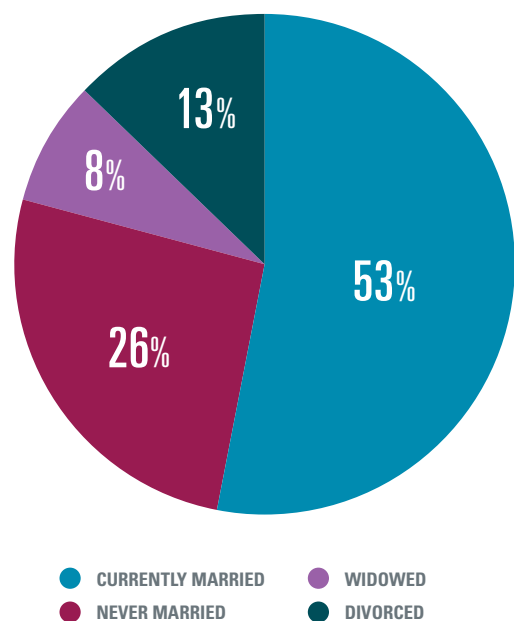
Nearly 14 million females live in Texas¹¹

- The median age of Texas women is 35, compared to 39 for the U.S.¹²
- 17 percent of women and girls live in poverty, compared to 14 percent of men and boys.¹³
- Child poverty rates between boys and girls are similar, but diverge as women age.¹⁴
- 16 percent of Texas women ages 18 to 64 live in poverty, versus 11.5 percent of men in the same age group.¹⁵
- Nearly 12 percent of Texas women over 65 live in poverty, compared to 9 percent of men in the same age group.¹⁶

WOMEN AND GIRLS IN TEXAS ARE RACIALLY AND ETHNICALLY DIVERSE:¹⁷



ABOUT HALF OF TEXAS WOMEN (OVER AGE 18) ARE MARRIED:¹⁸



⁸ Erickson, R., Corley, D., & Buchanan, M.J. (2016). *Fast facts: Economic security for Texas families*. Washington, DC: Center for American Progress. <http://ampr.gs/2f69rh5>

⁹ Center for Public Policy Priorities analysis of U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Table C17001 and B20017

¹⁰ Center for Public Policy Priorities analysis of U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Table C17001.

¹¹ U.S. Census Bureau, Population Division; *Annual Estimates of the Resident Population by Sex, Race, and Hispanic Origin: April 1, 2010 to July 1, 2015*, Table PEPAGESEX

¹² Ibid.

¹³ Center for Public Policy Priorities analysis of U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Table C17001

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Center for Public Policy Priorities Analysis of U.S. Census Bureau, Population Division, *Annual Estimates of the Resident Population by Sex, Race, and Hispanic Origin: April 1, 2010 to July 1, 2015*, Table PEPSR6H. Does not add to 100% due to rounding. The Census Bureau uses the term "Hispanic" to describe persons who may identify as Hispanic, Latino or Spanish. For consistency, we use "Hispanic" throughout.

¹⁸ Center for Public Policy Priorities analysis of U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Table B12002.

CHILD CARE

A Critical Work Support for Families

Child care sustains the economic security of families, supporting women who want or need to work outside the home or further their education. The supportive effect of child care is critical for women, because they tend to be more financially vulnerable than men, with a greater likelihood of living in poverty and having lower median incomes overall.¹⁹ They are also more likely to have greater child care responsibilities within a family.²⁰ At the same time, families are increasingly dependent on women's incomes. In Texas, 61 percent of families rely wholly or substantially on women's incomes.²¹ And most moms in Texas work, out of necessity and/or preference. Sixty-two percent of Texas moms (ages 16 and over) with children at home are in the labor force.²²

However, for many moms, the lack of affordable child care can keep them from being able to find or sustain work, and the cost becomes a financial burden. Many women use multiple child care arrangements, such as child care centers or homes and family members to cover work schedules and keep costs down. Census research shows that nationally, both part-time and full-time working mothers spend about eight percent of their monthly family incomes on child care costs.²³ However, this percentage varies widely. For women who live below the poverty level (approximately \$20,000 per year for a family of three), families often spend 30 percent of their income on child care.²⁴ Researchers believe the rising cost of child care may be one reason that more mothers have decided to opt out of the workforce after decades of women increasingly working outside the home.²⁵ Nationally, the overall women's labor force participation rate has declined slightly since its peak in 1999,²⁶ and in Texas, female labor participation rates have also declined.²⁷



KEY DATA POINTS

- 62 percent of Texas moms are in the paid labor force.²⁸
- The majority of Texas children live in families where both parents, if married, or the single parent, work outside the home: 59 percent of children (1.3 million) under age 6; and 62 percent of children (1.7 million) ages 6 to 12.²⁹
- The average yearly cost of full-time child care at child care centers and homes in Texas is between \$7,000 to \$9,000, depending on the age of the child.³⁰
- Child care subsidies serve fewer than 10 percent of children who may be eligible.³¹

Child care helps women increase their levels of employment.

Especially for the most economically vulnerable mothers (i.e. low-income, single women) and mothers of young children ages 0-5, access to child care substantially increases employment and the number of hours women are able to work.³²

Child care helps women's job stability and advancement.

Having regular child care is important for the job stability and advancement of mothers of all income levels.³³ Having access to regular child care means fewer missed days of work³⁴ and reduced job turnover.³⁵ Consistent child care also saves employers money – it is estimated that child care breakdowns leading to employee absences cost U.S. businesses \$3 billion annually.³⁶

Child care supports women's financial self-sufficiency and reduces the earning gap between men and women. The positive effects of child care on women's employment can help low-wage workers, particularly single mothers, progress towards higher earnings and self-sufficiency.³⁷ Child care can also help reduce the "wage gap" between men and women. About 11 percent of the gap is due to the fact that women typically have less time in the labor force than men, as they are more likely to have breaks in their work history because of child care responsibilities.³⁸

¹⁹ Center for Public Policy Priorities analysis of U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Table C17001 and B20017

²⁰ Parker, K. (2015, Mar 5). Despite progress, women still bear heavier load than men in balancing work and family. [Pew Research Center blog post]. <http://pewrsr.ch/2gr3XLD>

²¹ Erickson, R., Corley, D., & Buchanan, M.J. (2016). Fast facts: Economic security for Texas families. Washington, DC: Center for American Progress. <http://ampr.gs/2f69rh5>

²² Center for Public Policy Priorities analysis of 2015 American Community Survey IPUMS data. IPUMS-USA, University of Minnesota, www.ipums.org.

²³ Laughlin, L. (2013). Who's minding the kids? Child care arrangements: Spring 2011. Table 6. Washington, DC: U.S. Census Bureau. <http://bit.ly/2fosiRz>

²⁴ Ibid.

²⁵ Drew, D. (2014). Rising cost of child care may help explain recent increase in stay-at-home moms. Pew Research Center. <http://pewrsr.ch/2en1vIN>. See also Kreider, R. M., & Elliott, D.M. Historical changes at stay-at-home mothers: 1969 to 2009. <http://bit.ly/2foBJR3>

²⁶ U.S. Bureau of Labor Statistics. (2015). Women in the labor force: A Databook. Table 2. <http://bit.ly/2fVpShP>

²⁷ Current Population Survey data, 2003-2016. Data from <http://bit.ly/2ivLfqu>

²⁸ Center for Public Policy Priorities analysis of 2014 American Community Survey IPUMS data. IPUMS-USA, University of Minnesota, www.ipums.org.

²⁹ The Annie E. Casey Foundation, KIDS COUNT Data Center, <http://datacenter.kidscount.org>. Children Under Age 6 With All Available Parents in the Labor Force. <http://bit.ly/2fVvUS4>

³⁰ Schwab, J., et. al. (2016). 2016 Texas Child Care Market Rate Survey prepared for the Texas Workforce Commission. The University of Texas at Austin, Child & Family Research Institute, Ray Marshall Center. <http://bit.ly/2FWqJg> Yearly estimates are based on multiplying average daily cost of full-time care at centers by 250 days per year.

³¹ Most workforce boards use an eligibility cutoff of 85 percent of state median income or approximately \$51,000 per year for a family of three. Census data show more than 2.3 million Texas children under age 12 live below this threshold (U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Table B17024), and 183,000 children receive subsidies.

³² Guzman, J. (2007). Child care subsidies and the work effort of single mothers. <http://bit.ly/2fUL8Ac>

³³ Lee, S. (2007). Keeping Moms on the Job. Washington, DC: Institute for Women's Policy Research

³⁴ Forry, N.D., & Hofferth, S. L. (2011). Maintaining work: The influence of child care subsidies on child care-related work disruptions. *Journal of Family Issues*. 32(3), 346-368. <http://bit.ly/2fk5xR4>

³⁵ Hofferth, S. L., & Collins, N.J. (1997). Child rearing and employment turnover. Washington, DC: Institute for Women's Policy Research. <http://bit.ly/2eYOXHL>

³⁶ Shellenback, K. (2004). Child care and parent productivity: Making the business case. <http://bit.ly/2fGmBO1>

³⁷ Acs, G., Loprest, P.J., & Ratcliffe, C. (2010). Progress toward self-sufficiency for low-wage workers. Washington, DC: The Urban Institute. <http://urban.is/2gQAVIC>

³⁸ Blau, F.D., & Kahn, L.M. (2007). The gender pay gap. *Academy of Management Perspectives* 21, 7-23. <http://bit.ly/2insUsQ>

CHILD CARE IN TEXAS

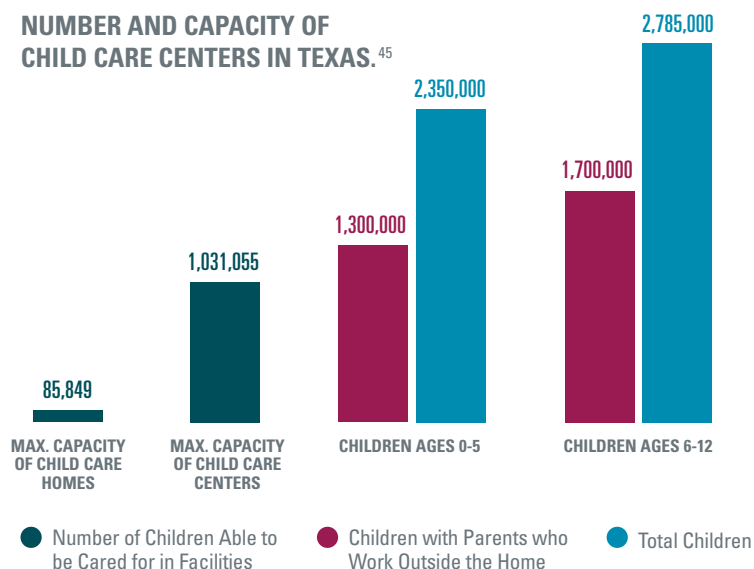
What options do women have?

More than 2.3 million children under the age of 6 live in Texas,³⁹ and of these, 1.3 million have parents who work outside the home and thus need child care.⁴⁰ Additionally, 1.7 million children ages 6-12 have parents who work outside the home, and these children may require care before or after school, during school holidays, and over the summer, when school is not in session.⁴¹ Working moms with young children can consider several options for child care in Texas, but each has different benefits, costs and limitations.

Child care centers or homes are an expensive option for many Texas families.

Child care centers or homes can be private businesses or non-profit organizations, run out of a provider's home or a separate facility. Statewide, the capacity of all regulated child care centers or homes is approximately 1.0 million children⁴² – clearly not enough to meet the child care needs of the more than 3.0 million children whose parents work outside the home.⁴³ "Capacity" is determined by the maximum square footage allowed per child, not the actual number of children in care.⁴⁴

NUMBER AND CAPACITY OF CHILD CARE CENTERS IN TEXAS.⁴⁵



³⁹ Texas Demographic Center. 2014 population estimates for Texas. [Data file] Population estimates data tool: <http://bit.ly/2gqvDAI>

⁴⁰ The Annie E. Casey Foundation, KIDS COUNT Data Center, <http://datacenter.kidscount.org>. Children Under Age 6 With All Available Parents in the Labor Force. <http://bit.ly/2fVkuS4>

⁴¹ The Annie E. Casey Foundation, KIDS COUNT Data Center, <http://datacenter.kidscount.org>. Children Ages 6 to 12 With All Available Parents in the Labor Force. <http://bit.ly/2eGa8t1>

⁴² Data requested from Texas Department of Family and Protective Services. Total capacity of child day care centers and homes, August 2016.

⁴³ See notes 40 and 41.

⁴⁴ See Texas Department of Family and Protective Services, Minimum Standards for Child Care Centers, §745.21 and §746.4213. <http://bit.ly/2fZxD1D>.

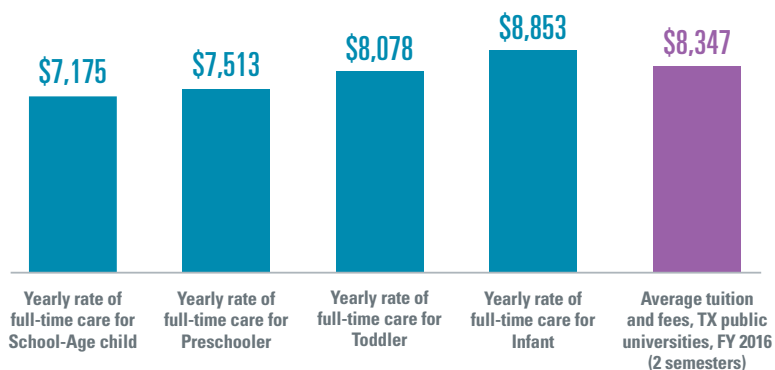
⁴⁵ Maximum capacity data requested from Texas Department of Family and Protective Services; see note 42. Estimates of children with parents who work outside the home from Kids Count Data Center; see notes 40 and 41. Total child population estimates from Texas Demographic Center; see note 39.





Many families choose child care centers or homes, but the cost of child care often squeezes family budgets. The average annual cost of full-time infant care (\$8,853) is greater than the average annual tuition and fees at a Texas public university (\$8,347).⁴⁶ Capacity is also often limited, and wait lists at child care centers are common. Child care center hours may also not align with women's work schedules.

THE AVERAGE YEARLY COST OF FULL-TIME INFANT CARE AT A CHILD CARE CENTER IS GREATER THAN THE AVERAGE COST OF COLLEGE IN TEXAS.⁴⁷



Note: Yearly estimates are based on multiplying average daily cost of full-time care at child care centers by 250 days per year.



Child Care After School

Nearly one in five school-age children (935,000) in Texas are alone and unsupervised in the hours after school.⁴⁸ About 880,000 participate in afterschool programs, which are run by a wide variety of organizations in Texas, such as public schools, Boys and Girls Clubs and YMCAs.⁴⁹ In one study, 69 percent of Texas parents agree that afterschool programs help working parents keep their jobs, and the vast majority agreed that afterschool programs help give parents peace of mind about their children when they are at work.⁵⁰ Parents cited cost as the top reason for not participating in afterschool programs.⁵¹

⁴⁶ Average cost of full-time infant care is from Schwab, J., et. al. (2016). 2016 Texas Child Care Market Rate Survey prepared for the Texas Workforce Commission. UT Austin, Child & Family Research Institute, Ray Marshall Center. <http://bit.ly/2fWqJg> Yearly estimates are based on multiplying average daily cost of full-time care at centers by 250 day per year. Average cost of tuition and fees is from Texas Higher Education Coordinating Board, Average cost of resident undergraduate tuition and fees. <http://bit.ly/2fC3ZTK>

⁴⁷ Ibid.

⁴⁸ Afterschool Alliance. (2016). Afterschool in Texas. <http://bit.ly/2gd3cb8>

⁴⁹ Ibid.

⁵⁰ Afterschool Alliance. America After 3 pm. Texas. <http://bit.ly/2g115JK>

⁵¹ Ibid.

Although the Texas Workforce Commission conducts an annual study on the cost of child care in child care centers and homes throughout Texas, there is little data collection on how much Texas families actually spend on child care. Because the cost of full-time care at a center or home is unaffordable for many women, they may choose to use a combination of options to lower their child care expenses, including relying on family members, friends or neighbors and/or staying home to provide child care themselves. Nationally, research on how much it costs to raise a child shows that, for families who pay for child care and education, these expenses combined are the second-highest childrearing expense after housing.⁵² Data show that women who live in poverty and pay for child care spend on average 30 percent of their small incomes on child care.⁵³ For women living in poverty, the high cost of child care places a heavy burden on already tight budgets that also need to cover housing, transportation, food and other costs.

Early education programs – Pre-K, Head Start and Early Head Start – provide extra benefits but lack capacity.

For many mothers, early education programs are an option that provide both child care and early education that prepare children for success in school. Approximately 220,000 3- and 4-year-olds are enrolled in public Pre-K in Texas. About half of Pre-K students are enrolled in full-day programs (4+ hours), and half are enrolled in half-day programs (2-4 hours). Public Pre-K programs are increasingly but not universally available: 86 percent of districts offer some level of Pre-K, and 69 percent offer full-day programs.⁵⁴

Public Pre-K is mostly restricted to certain categories of children, including English-language learners, those from low-income families, and military families. Many families choose private, non-profit or faith-based Pre-K options. An estimated 160,000 young children in Texas are enrolled in non-public Pre-K programs.⁵⁵

Federally funded Head Start and Early Head Start programs in Texas offer approximately 72,000 enrollment slots for very low-income children under age five.⁵⁶ Head Start (3- and 4-year-olds) and Early Head Start (under age 3) can be operated by public, non-profit or private organizations, and in addition to providing child

care, offer a range of early learning, health and parent engagement services. Texas does not add to federal Head Start or Early Head Start funding. However, half of U.S. states use additional federal or state funds to supplement Early Head Start. In 2012, 10 of these states used general revenue, tobacco settlement money or gaming revenue to extend the day or year of Early Head Start services or expand the capacity of existing programs.⁵⁷

Public early education programs are mostly targeted to low-income families in Texas and are provided at no cost to families.⁵⁸ However, Head Start and Early Head Start programs are not available in many areas of Texas,⁵⁹ and though public Pre-K programs are more widely available, they are not universally available, especially when it comes to full-day programs.⁶⁰ Furthermore, many low and moderate-income families who desire and need child care and early education may be income-ineligible for programs and lack access to other affordable options. To be income-eligible for public Pre-K, most students must qualify for free/reduced lunch (for a family of three, less than \$37,000 annual income).⁶¹ For Head Start and Early Head Start, families must live below the poverty line (for a family of three, less than \$20,000 annual income).⁶² Children who do not speak English, are homeless or in foster care, or have active military parents are also eligible for public Pre-K.⁶³



Enrollment in Texas early education programs

AGE GROUP	NUMBER OF CHILDREN IN TEXAS ⁶⁴
Under 3	1,184,814
3 and 4 year olds	780,048

PROGRAM	2015 ENROLLMENT ⁶⁵
Texas public pre-school (3 and 4 year olds)	219,668
Private pre-school (3 and 4 year olds)	160,000
Head Start (3 and 4 year olds)	63,820
Early Head Start (Under 3)	8,073

⁵² Lino, M. (2014). *Expenditures on children by families, 2013*. U.S. Department of Agriculture, Center for Nutrition Policy and Promotion. <http://bit.ly/2fGamos> "Child care and education" expenses consist of day care tuition and supplies; baby-sitting; and elementary and high school tuition, books, fees and supplies.

⁵³ Laughlin, L. (2013). *Who's minding the kids? Child care arrangements: Spring 2011*. Table 6. Washington, DC: U.S. Census Bureau. <http://bit.ly/2fosiRz>

⁵⁴ Texas Education Agency. (2016). *Texas public prekindergarten programs and enrollment ages 3 and 4 (2014-2015)* [Data File]. <http://bit.ly/2fxJYtQ>

⁵⁵ U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Table C14002.

⁵⁶ The Annie E. Casey Foundation, KIDS COUNT Data Center, <http://datacenter.kidscount.org>.

⁵⁷ Colvard, J. & Schmit, S. (2012). *Expanding access to Early Head Start*. The Center for Law and Social Policy and ZERO TO THREE. <http://bit.ly/2fKM4ca>

⁵⁸ Texas Education Agency. *Eligibility for prekindergarten*. <http://bit.ly/175hD9L>

⁵⁹ Giles, A. (2016). *Texas Head Start State Office and Collaboration Office: Needs assessment and strategic plan 2016-2017*. <http://bit.ly/2hhAkM7>

⁶⁰ See note 54.

⁶¹ See note 58.

⁶² U.S. Department of Health and Human Services, Administration for Children and Families. *Head Start policy and regulations, Part 1302.12. Determining, verifying and documenting eligibility*. <http://bit.ly/2ibIRFJ>

⁶³ See note 58.

⁶⁴ Texas Demographic Center. *2014 population estimates for Texas*. [Data file] Population estimates data tool: <http://bit.ly/2gqvDAI>

⁶⁵ Texas preschool data from Texas Education Agency; see note 54. Private pre-school estimates from U.S. Census Bureau; see note 55. Head Start and Early Head Start data from the Annie E. Casey Foundation; see note 56.



Family, friend or neighbor care is a common option for families.

Having a parent, family member, friend or neighbor care for a child while a woman works is the most common form of child care in the U.S.⁶⁶ Most commonly, it is another relative, especially a grandmother who may live nearby. Nationally, an estimated 42 percent of children ages 0-5 are regularly cared for by a relative.⁶⁷ Many women who use child care centers or early education programs also use family, friend or neighbor care.⁶⁸ Families across all income levels use this type of care, though low-income families are more likely to rely on it.⁶⁹

Family, friend or neighbor care is used by many women because of the lower cost, convenience, familiarity and flexibility.⁷⁰ Many mothers, especially those in lower-wage jobs, tend to work hours outside of normal child care center hours or may have unpredictable work schedules that make using child care centers challenging.⁷¹ However, reliable relatives, friends or neighbors are not available to all children, and relatives' or friends' homes may not always provide the level of safety, social engagement or educational quality desired by parents.⁷²

Problems finding regular, affordable child care affects women's financial security.

Many Texas women provide child care to their families, but finding child care outside of the home can be difficult due to the cost or a lack of reliable options. Many women decide to leave the workforce, or work fewer hours than they want or need, because of the difficult tradeoffs between child care and work. In fact, about 14 percent of Texas families report that a family member had to quit a job, not take a job or dramatically change a job because of problems with child care.⁷³

In addition to cost, location and hours of operation also affect child care choices and accessibility. When affordable child care is not near a woman's home or work, transportation is a challenge. When child care and work schedules conflict, convenience becomes a key consideration, especially for mothers with high amounts of stress.⁷⁴

As a result of these challenges, the financial security of many women and their families is weakened, both in the short- and long-term. Sixty-one percent of families with children rely wholly or substantially on women's incomes,⁷⁵ and families may struggle financially when women have to reduce work hours for child care. A portion of the wage gap (11%) can be explained by differences in length of time in the labor force, as women are more likely than men to take time out of the labor force because of child care responsibilities.⁷⁶

⁶⁶ Laughlin, L. (2013). *Who's minding the kids? Child care arrangements: Spring 2011*. Table 6. Washington, DC: U.S. Census Bureau. <http://bit.ly/2fosiRz>

⁶⁷ The Annie E. Casey Foundation, KIDS COUNT Data Center, <http://datacenter.kidscount.org>. Early Head Start Enrollment. <http://bit.ly/2fGsqLg>

⁶⁸ Laughlin, L. (2013). *Who's minding the kids? Child care arrangements: Spring 2011*. Table 6. Washington, DC: U.S. Census Bureau. <http://bit.ly/2fosiRz>

⁶⁹ The Annie E. Casey Foundation. (2006). *Family, friend and neighbor care*. Baltimore, MD. <http://bit.ly/2gQj1U>

⁷⁰ Ibid.

⁷¹ Susman-Stillman, A. & Banghart, P. (2008). *Demographics of family, friend, and neighbor child care in the United States*. <http://bit.ly/2fKA8aJ>

⁷² See note 69.

⁷³ National Survey of Children's Health 2011/12. Data from the Child and Adolescent Health Measurement Initiative, Data Resource Center for Child and Adolescent Health: www.childhealthdata.org.

⁷⁴ Forry, N., et. al. (2013). *Child care decision making literature review*. Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

⁷⁵ Erickson, R., Corley, D., & Buchanan, M.J. (2016). *Fast facts: Economic security for Texas families*. Washington, DC: Center for American Progress. <http://ampr.gs/2f69rh5>

⁷⁶ Blau, F.D., & Kahn, L.M. (2007). *The gender pay gap*. *Academy of Management Perspectives* 21, 7-23. <http://bit.ly/2insUsQ>

A CLOSER LOOK AT CHILD CARE

Child care subsidies help low-income women with the cost of child care, but current funding levels meet only a fraction of the need.



Child care costs vary widely in Texas and represent a large financial burden for many working women. To assist low-income moms who are transitioning off of public cash assistance and participating in employment or training programs, the state operates a financial assistance program that helps subsidize child care costs for parents with children under age 13. Families pay on a sliding-scale basis, and very low-income families may be exempt from the cost of child care.⁷⁷

Local workforce boards operate child care subsidy programs in each region of Texas. In 2015, approximately 183,000 young children received child care subsidies statewide.⁷⁸ However, the need is far greater than currently available funds. Although eligibility varies by workforce board, most workforce boards use an eligibility cutoff of 85 percent of state median income or approximately \$51,000 per year for a family of three.⁷⁹ Census data shows that there are more than 2 million children statewide under age 12 living below this income level, meaning that less than 10 percent of potentially eligible children are served despite long waiting lists.⁸⁰ Due to lack of

funding and the rising cost of child care,⁸¹ the number of children served by child care subsidies has steadily declined since a peak of 233,000 children in 2005.⁸² Furthermore, workforce boards commonly employ waitlists due to lack of funding or insufficient numbers of child care providers. In 2016, a monthly average of approximately 24,000 children statewide were on waitlists for child care subsidies.⁸³

In 2014, the federal Child Care and Development Block Grant was reauthorized, creating many changes in the Child Care and Development Fund (CCDF) program to increase the quality of child care and stabilize eligibility for families. While these updates are good for children, families and child care centers, the implementation has also resulted in uncertainty and unintentional changes. For example, the increase in eligibility without a corresponding increase in funding has resulted in a state mandated freeze on all child care subsidy enrollments starting August 2016, until further notice.⁸⁴

⁷⁷ For more information, see Texas Workforce Commission, *Child Care Services Program Overview*: <http://bit.ly/2i8u8YB>

⁷⁸ The Annie E. Casey Foundation, KIDS COUNT Data Center, <http://datacenter.kidscount.org>. Children (0-12) receiving subsidized child care. <http://bit.ly/2gC8Hgu>

⁷⁹ Texas Workforce Commission. (2016). Board income limits for CCDF eligibility. <http://bit.ly/2hnXTWN>

⁸⁰ U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Table B17024.

⁸¹ Matthews, H. & Walker, C. (2016). *Child care assistance spending and participation in 2014*. Washington, DC: The Center for Law and Social Policy. <http://bit.ly/2fKD6vB>

⁸² See note 78.

⁸³ Texas Workforce Commission. (2016). *Child care waitlist data request*. [Data File].

⁸⁴ Workforce Solutions Capital Area. (2016, Aug 24). Notice on child care services enrollment freeze. [PDF Document]. <http://bit.ly/2filP9z>

State public Pre-K funding in Texas has been inadequate and unstable.

Public Pre-K is a popular option for mothers of 3- and 4-year-olds in Texas. Research shows that investments in high-quality Pre-K yield high returns both to the child and society, measured by higher educational attainment, employment and earnings, and less crime.⁸⁵ Yet Pre-K is not available to all Texas families. The vast majority of state support for public Pre-K comes through the Texas Education Agency's Foundation School Program, the basic funding mechanism for public primary and secondary education. However, the state funds only a half day of instruction for Pre-K students (funding per Pre-K student is half the rate per K-12 student).⁸⁶

Grant programs that support Pre-K have been an unstable source of funding. In 2011, the Legislature eliminated the Pre-Kindergarten Early Start Grant Program, which provided \$208 million to Pre-K. In 2013, the Legislature appropriated \$30 million in supplemental funding for Pre-K, which came out to about \$77 per Pre-K student per year. And in 2015, the Legislature created the High Quality Pre-Kindergarten Grant Program to provide grants to districts, so they can expand existing half-day programs to a full-day or otherwise improve the quality of their Pre-K programs. Because of the high demand for grants, individual awards in 578 districts were \$367 per student for each year of the program.⁸⁷ For many districts, this amount fell below the full cost of expanding programs or improving their quality; more than 20 districts decided to refuse funds because the grant amounts would not adequately compensate the costs of fulfilling the grant requirements.⁸⁸

Recently, in the absence of greater state support, some school districts have relied on families and local taxpayers to support increased availability of Pre-K. Several districts, such as the Austin, Dallas and El Paso ISDs, offer tuition-based Pre-K for families that fall outside of the funded eligibility categories for free public Pre-K, and tuition they pay help to fund Pre-K for eligible kids in those districts. For public Pre-K, and the tuition they pay helps to fund Pre-K in those districts.⁸⁹ The City of San Antonio instituted a 1/8 cent sales tax to fund the creation and operation of four additional early education centers in San Antonio that offer full-day Pre-K and afterschool child care until 6 pm. The program, called "Pre-K for SA" also offers tuition-sponsored slots to families on a sliding scale basis.⁹⁰

Nationally, only 14 percent of workers have access to paid family leave through their employers, where parents can take time off with partial pay to care for a new child.⁹¹

Women have limited and uneven access to workplace policies that help balance child care and work.

Many working women struggle to balance child care and work, especially when a baby is born or adopted. Nationally, only 14 percent of workers have access to paid family leave through their employers, where parents can take time off with partial pay to care for a new child. Eighty-eight percent have access to unpaid leave, where employment is protected while caring for a new child, but the leave is unpaid. Low wage-earners are the least likely to have access to paid or unpaid leave, and many workers who are guaranteed unpaid leave can't afford to take it.⁹²

Some employers try to assist their employees with the financial burden of child care. Thirty-nine percent of U.S. workers have access to dependent care reimbursement accounts, similar to health savings accounts, where employees can save some of their wages tax-free to pay for child care. Employers may also fund or operate child care centers for their employees, but this is a limited benefit available to only 11 percent of U.S. workers.⁹³

Lastly, more employers now offer options and flexibility around managing work time and location, so employees can better balance child care and work. These options include telecommuting or working from home and flex time (work days with flexible start and finish times).⁹⁴ However, many hourly workers with non-standard and changing work schedules may not be able to take advantage of these options, because they do not have control over their work hours.

⁸⁵ Heckman, et. al. (2010). The rate of return to the HighScope Perry Preschool Program. *Journal of Public Economics* 94: 114-128. <http://bit.ly/2fX1s2N>

⁸⁶ Pre-K is funded at 0.5 Average Daily Attendance. See Villanueva, C. (2016). Texas Pre-K: Looking ahead to the 2017 legislative session. Austin, TX: Center for Public Policy Priorities. <http://bit.ly/2fB9fEg>

⁸⁷ U.S. Department of Labor, Bureau of Labor Statistics. Employee Benefits Survey. Table 32. <http://bit.ly/2eO6Ozx>

⁸⁸ Villanueva, C. (2016). Texas Pre-K: Looking ahead to the 2017 legislative session. Austin, TX: Center for Public Policy Priorities. <http://bit.ly/2fB9fEg>

⁸⁹ S. Rubin via C. Villanueva, personal communication, Sept 27, 2016. Data requested from the Texas Education Agency by Texans Care for Children.

⁹⁰ For more information, see Dallas ISD (<http://bit.ly/2hnUNCg>), El Paso ISD (<http://bit.ly/2h1bAh0>) and Austin ISD (<http://bit.ly/2ixVI69>)

⁹¹ For more information, see <https://www.sanantonio.gov/Pre-K-4-San-Antonio>

⁹² See note 87.

⁹³ Stolfus, E.R. (2015). Access to dependent care reimbursement accounts and workplace-funded childcare. U.S. Bureau of Labor Statistics. <http://bit.ly/2fiiF5Y>

⁹⁴ Matos, K., & Galinsky, E. (2014). 2014 National study of employers. Families and Work Institute. <http://bit.ly/2eO98X2>

POLICY RECOMMENDATIONS

Mothers may seek child care from an array of options, depending on their incomes, preferences and children's ages. Because there is no one method of child care in Texas, strengthening child care options to support the financial security of working women will require a variety of approaches.

For mothers with pre-school age children, state legislators can provide additional funding for Pre-K grants to establish additional half-day programs in Texas or extend existing half-day programs to full-day programs. Pre-K programs have the benefit of not only providing care for young children during the day but also providing early education to young students. Demand for the High Quality Pre-K Grant Program passed in 2015 was very high, and building on the program would assist districts with the funding they need to expand their programs to longer days or to more students.

For school districts that offer full-day Pre-K programs, the State could fund Pre-K students at the same rate as K-12 students. State funding per Pre-K student is currently half the rate per K-12 student (Pre-K is funded at 0.5 Average Daily Attendance, or ADA). However, recognizing the value of full-day programs to students and families, 69 percent of school districts in Texas squeeze their budgets to offer full-day Pre-K.⁹⁵ Equalizing the funding between Pre-K and K-12 students would help these districts continue offering full-day programs and ease budget pressures.

School districts can choose to serve Pre-K students beyond the funded student eligibility categories, and charge students tuition if necessary. School districts are allowed to serve Pre-K students beyond the eligibility categories, and many districts have found that offering Pre-K attracts new families into the public education system. However, lack of funding may make offering Pre-K to students beyond the mandated eligibility categories difficult. Some districts have chosen to charge tuition to families who fall outside of the funded eligibility categories in order to help fund their Pre-K programs (Austin ISD, Dallas ISD, El Paso ISD).



⁹⁵ Texas Education Agency. (2016). *Texas public prekindergarten programs and enrollment ages 3 and 4 (2014-2015)* [Data File]. <http://bit.ly/2fxJYtQ>

Local governments can financially support full-day Pre-K programs. In the absence of state support for full-day Pre-K, many Pre-K programs can partner with local governments to find creative ways to offer full-day programs (4+ hours). In San Antonio, the city raised the local sales tax by 1/8 cent to support additional full-day programs. Miami-Dade County in Florida uses a small property tax to finance early childhood programs, and several California county commissions use funds from a dedicated sales tax on cigarettes.⁹⁶

State legislators can create a public-private partnership to increase the amount of funding available to subsidize child care costs for working families. The need for financial assistance for child care is far greater than the funds available. Fewer than 10 percent of potentially eligible children receive child care subsidies,⁹⁷ and the number of children served has been declining.⁹⁸ Tens of thousands of Texas children are on waitlists.⁹⁹ Studies across the U.S. show that a significant portion of families on child care waitlists lose or have to quit their jobs while waiting for subsidies.¹⁰⁰ Without additional resources, fewer families are able to access the subsidies that make regular child care affordable for low-income families.

Texas can use existing child care funds as incentives to match local funds from employers that financially assist their employees in getting child care. Florida's Child Care Executive Partnership is one successful example. A portion of state subsidy funds are set aside as matching funds, and local coalitions recruit businesses to match the state dollars and provide subsidies as a benefit for their employees who fall under a certain income limit.¹⁰¹

Employers can institute "family-friendly" policies and work options, such as paid family leave, dependent care reimbursement accounts, flex time, telecommuting and greater employee choice in managing time. Employers can play a role in helping women manage work and child care responsibilities through different strategies. Many workers find these options attractive, and research suggests that they strengthen financial security as well – women in states with family leave policies are less likely to receive public assistance during the year after the birth of a child.¹⁰² Employers also see benefits from these policies. Employers who offer many of these options to their employees report that the top reasons for "family-friendly" policies are employee retention, helping employees manage work/life balance, recruitment and increased productivity.¹⁰³



About Dallas Women's Foundation

Dallas Women's Foundation is the largest regional women's fund in the world. With the support of its donors, the Foundation unlocks resources to advance women's economic security and women's leadership through research, grantmaking and advocacy. The Foundation's work improves education and quality of life, gives voice to issues affecting women and girls, and cultivates women leaders for the future. Since its founding in 1985, Dallas Women's Foundation has granted more than \$32 million to help create opportunities and solve issues for women and girls. For more information, visit www.DallasWomensFdn.org



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⁹⁶ Friede, E., & Barnett, W.S. (2011). *Improving public financing for early learning programs*. New Brunswick, NJ: National Institute for Early Education Research. <http://bit.ly/2fwiwK>

⁹⁷ Most workforce boards use an eligibility cutoff of 85 percent of the state median income or approximately \$51,000 per year for a family of three. Census data shows that more than 2.3 million children under age 12 live below this income level in Texas (U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, Table B17024), and 183,000 children receive subsidies.

⁹⁸ The Annie E. Casey Foundation, KIDS COUNT Data Center, <http://datacenter.kidscount.org>. Children (0-12) receiving subsidized child care. <http://bit.ly/2gC8HgU>

⁹⁹ Texas Workforce Commission. (2016). *Child care waitlist data request*. [Data File].

¹⁰⁰ National Women's Law Center. (2013) *Child care: A core support to children and families*. <http://bit.ly/2fvWjTf>

¹⁰¹ For more information, see *Child Care Executive Partnership Program*, <http://bit.ly/2ibgPcu>

¹⁰² Houser, L., & Vartanian, T.P. (2012). *Policy matters: Public policy, paid leave for new parents, and economic security for U.S. workers*. New Brunswick, NJ: Center for Women and Work, Rutgers. <http://bit.ly/2fV6v4c>

¹⁰³ Matos, K., & Galinsky, E. (2014). *2014 National study of employers*. Families and Work Institute. <http://bit.ly/2eO98X2>