

Child Care Market Rate Survey and Cost of Quality Price Modeling Study
Track 76042
Discussion Paper

Background

Under the federal Child Care and Development Fund (CCDF) regulations, states are required to conduct a Market Rate Survey (MRS) report and a narrow cost analysis, which for Texas is the Cost of Quality (CoQ) Price Modeling report. The Texas Workforce Commission’s three-member Commission (Commission) previously approved the Fiscal Year 2024 Statewide Initiatives (SWI) budget, which included \$416,416 for the MRS and CoQ reports:

- [2024 TWC Statewide Initiatives](#)
- [Child Care FY24 Statewide Initiatives](#)

The Texas Workforce Commission (TWC) contracts with the University of Texas’ Ray Marshall Center to complete the MRS and CoQ reports. The MRS is published annually. The CoQ is published for Licensed Centers every other year (odd numbered years), and for Licensed and Registered Homes every other year (even numbered years).

Issue

The University of Texas is collecting data for the CoQ report through the same survey instruments that they use to collect data for the MRS.

TWC will enter into a two-year contract with the University of Texas, beginning in Fiscal Year 2024 (FY’24) (June 2024 contract start date) for the:

- 2025 MRS (published in June 2025)
- 2026 MRS (published in June 2026)
- 2025 CoQ Report for Centers (published in June 2025)
- 2026 CoQ Report for Homes (published in June 2026)

In order for TWC to reflect the total approved two-year amount in the contract which begins in FY’24, the Commission must approve the total funding amount needed for the two-year contract.

There is currently not a sufficient amount of funding in the SWI budget to fund the upcoming two-year contract with the University of Texas. The FY’24 SWI budget is being used to pay the University of Texas for the 2024 MRS and the 2024 CoQ Report for Homes.

Staff is requesting that the Commission approve SWI funding for the 2025 and 2026 MRS, the 2025 CoQ Report for Centers and the 2026 CoQ Report for Homes totaling \$1.6 million. This contract will be initiated in FY’24 (on July 1, 2024).

TWC staff will not request additional funding in the FY’25 SWI budget, as the funds in the FY’24 budget will cover a 2-year period. TWC staff will again request funding for a two-year period in the FY’26 budget for the 2027 and 2028 MRS, and the 2027 CoQ Report for Centers and the 2028 CoQ Report for Homes

1 **Decision Point**

2 Staff recommends that the Commission approve \$1.6 million for the 2025 and 2026 reports as follows:

- 3 • Budget Year 2024: \$800,000 for the 2025 MRS and 2025 CoQ Report for Centers
4 • Budget Year 2025: \$800,000 for the 2026 MRS and 2026 CoQ Report for Homes

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