

Critical Needs Award

Providing high quality early childhood education to low-income and vulnerable families produces the largest return on investment for children and our community. Barriers to childcare providers who serve low-income children are magnified due to lower funding available to emphasize quality. Low-income parents are not able to pay higher rates needed to provide quality early childhood education and while government funding is valuable, it does not provide the level of funding needed for high-quality early childhood education. As such, the Race for the Stars program has designed a tiered subsidy reimbursement program for providers who are enrolled in the Race for the Stars and serve government subsidized children. The Critical Needs award functions to compensate for the state funding gap so that quality of education is emphasized while incentivizing providers to serve low-income families.

The tiered system determines the level of funding needed to provide quality early childhood education to providers who serve subsidized children based on a combination of the following:

- Using 75% of the federal recommended reimbursement during a **stable economy** as the baseline for funding needed to provide high quality early childhood education to subsidized children (the federal recommended reimbursement rate is determined by local market value)
- Determining the “gap” that exists between 75% of the federal recommended reimbursement and current state reimbursements for subsidized children in our local area
- Reimbursing the “gap” by percentage points in correlation with the star level of each provider involved in the Race for the Stars program so that at the highest level of quality (Star level 5), a provider is receiving funding to cover 100% of the local reimbursement “gap” (this places them at 75% of the federal recommended reimbursement rate)

The tiered system for the current Race for Stars providers is based on the “gap” from 2008-2009 local childcare market rates to current state reimbursement rates for North Texas. 2008-2009 market rates are being utilized because of a downturn in the economy which occurred during 2009 that decreased the local market value of childcare. Even though the “market value” of childcare has decreased, the cost to provide high quality childcare has not decreased. As such, 2008-2009 market rates will be utilized until the economy recovers. For the purposes of Race for the Stars, this will be determined when the local childcare market value rate equals or exceeds those of 2008-2009.

The following provides the summary of the funding for the Critical Needs award for each subsidized child per day.

Star Level 1: No additional incentive

Star Level 2 (non-TSRI and/or Texas Rising Star sites): 25% of gap of

reimbursement “gap” is provided.

Infant

Infant full-day gap: $\$9.13 @ 25\% = \2.28

Infant part-time gap: $\$1.87 @ 25\% = \0.47

Toddler

Toddler full-day gap: $\$4.10 @ 25\% = \1.03

Toddler part-time gap: $\$0.70 @ 25\% = \0.18

Pre-k

Pre-k full-day gap: $\$2.93 @ 25\% = \0.73

Pre-k part-time gap: NO GAP

Star Level 2 (TSRI and/or Texas Rising Star): 25% of gap of reimbursement “gap” is provided.

Infant

Infant full-day gap: $\$7.89 @ 25\% = \1.97

Infant part-time gap: $\$0.74 @ 25\% = \0.19

Toddler

Toddler full-day gap: $\$3.01 @ 25\% = \0.75

Toddler part-time gap: NO GAP

Pre-k

Pre-k full-day gap: $\$1.88 @ 25\% = \0.47

Pre-k part-time gap: NO GAP

Star Level 3 (all providers must be Texas Rising Star in order to advance to level 3 and beyond): 50% of reimbursement “gap” is provided

Infant

Infant full-day gap: $\$7.89 @ 50\% = \3.95

Infant part-time gap: $\$0.74 @ 50\% = \0.37

Toddler

Toddler full-day gap: $\$3.01 @ 50\% = \1.51

Toddler part-time gap: NO GAP

Pre-k

Pre-k full-day gap: $\$1.88 @ 50\% = \0.94

Pre-k part-time gap: NO GAP

Star Level 4: 75% of reimbursement “gap” is provided

Infant

Infant full-day gap: $\$7.89 @ 75\% = \5.92

Infant part-day gap: $\$0.74 @ 75\% = \0.55

Toddler

Toddler full-day gap: $\$3.01 @ 75\% = \2.26

Toddler part-time gap: NO GAP

Pre-k

Pre-K full-day gap: $\$1.88 @ 75\% = \1.41

Pre-k part-time gap: NO GAP

Star Level 5: 100% of reimbursement “gap” is provided

Infant

Infant full-day gap: $\$7.89 @ 100\% = \7.89

Infant part-time gap: $\$0.74 @ 100\% = \0.74

Toddler

Toddler full-day gap: $\$3.01 @ 100\% \text{ of gap} = \3.01

Toddler part-time gap: NO GAP

Pre-k

Pre-k full-day gap: $\$1.88 @ 100\% \text{ of gap} = \1.88

Pre-k part-time gap: NO GAP