

Investing in Child Care and the Nonprofit Workforce

Affordable, accessible, and high-quality child care is essential not only for the well-being of families but also for the health of Texas' workforce and communities. For Texas nonprofits, which are key players in delivering vital services, having a stable, productive workforce is critical to meeting the needs of communities across the state. Child care is more than just an employee benefit—it is an investment in the strength of Texas communities and the long-term vitality of the state's economy.

Key Challenges:

Nonprofits, like many other businesses, are directly impacted by the lack of accessible, affordable child care, which affects their ability to recruit and retain staff—especially in lower-wage positions that are critical for delivering essential community services. This child care shortage not only undermines employee retention and productivity but also puts additional stress on the workforce, leading to higher turnover rates and reduced service quality. **A survey conducted by the National Council of Nonprofits (NCN) revealed that the lack of affordable child care was the second most cited factor contributing to the workforce shortage in the nonprofit sector.¹**

In fiscal year 2024, the average waitlist for the child care scholarship (CCS) program in Texas was approximately 78,000 children due to insufficient state funding.² Addressing child care challenges is essential for nonprofits to thrive as businesses, strengthen their workforce, and continue supporting the communities they serve.

Recommendations:

We urge policymakers to support the nonprofit sector by increasing funding and resources for affordable, high-quality child care options for Texas families.

- Fund more child care scholarships for eligible families to address long waitlists.
- Ensure reimbursement rates for child care subsidy programs reflect the state's established rates based on provider quality, rather than being limited to published tuition costs.
- Provide competitive grants through a pilot program to empower communities to expand affordable care in high-need areas.

¹ National Council of Nonprofits. (n.d.). *Nonprofit workforce shortage crisis*. Retrieved from: <https://www.councilofnonprofits.org/nonprofit-workforce-shortage-crisis>

² Texans Care for Children. (2025, February). *Article VII Senate Finance Hearing Testimony*. Retrieved from: <https://txchildren.org/wp-content/uploads/2025/02/Article-VII-Senate-Finance-Hearing-Testimony-Feb-2025.pdf>