

1 **Child Care Shared Services**
2 **Discussion Paper**

3 **Background**

4 Section 98.50(b)(1) of the Child Care and Development Fund (CCDF) regulations requires states
5 to spend at least 8 percent of the total CCDF expenditures in Fiscal Year (FY) 2018 (FY'18) and
6 FY'19 and 9 percent in FY'20 and each succeeding FY for activities designed to improve the
7 quality of child care services.

8 Additionally, CCDF regulations emphasize the need for states to use the quality improvement
9 funds to help child care providers enhance their business practices and operations as well as
10 services. Section 98.16(z) requires the CCDF plan to describe how the Lead Agency develops
11 and implements strategies to strengthen child care providers' business practices to expand the
12 supply and improve the quality of child care services. Further, §98.14(a)(4) requires states to
13 demonstrate in the CCDF plan how the state encourages partnerships to leverage existing service
14 delivery systems for child care and development services, with the goal of increasing the supply
15 and quality of child care services, such as by implementing voluntary shared service alliance
16 models.

17 **Child Care Shared Services**

18 Child care shared services allow local providers to access business services and service delivery
19 resources to leverage economies of scale and reduce operational costs. Shared services can help
20 child care providers share costs and the delivery of services more effectively and efficiently
21 through:

- 22 • joint bulk purchasing, staff sharing, and/or centralized administration; and
23 • sharing capacity-building in program administration by using common tools and systems.

24 Shared services consist of several delivery systems, including:

- 25 • a web-based platform that houses tools, teacher resources, and business templates for easy
26 access and use as well as sharing professional development and educational resources;
27 • sharing back-office functions such as accounting, enrollment management, data management,
28 reporting; and maintenance of records; and
29 • developing shared services alliances to coordinate a variety of shared functions.

30 **Decision Point**

31 Staff seeks direction on a one-time investment of \$750,000 in CCDF quality funds to be used to
32 implement, and evaluate the effectiveness of, shared back-office services for Texas Rising Star
33 (TRS)–certified child care providers.

34 Funding would be distributed to all Boards, with each Board receiving \$7,500 as a base amount,
35 and the remainder of the funding being based on each Board's percentage of TRS providers
36 statewide.