

1 **Request for Modification of Child Care Allocations**
2 **Discussion Paper**
3
4

5 **Background**

6 The Texas Workforce Commission's (TWC) three-member Commission (Commission) took
7 action on modifications to child care allocations on December 17, 2019. These modifications
8 were approved in order to assist Local Workforce Development Boards (Boards) in managing
9 child care balances, primarily as a result of federal increases to the Child Care and Development
10 Block Grant.

11 **Issue 1 – North Central Texas Child Care Allocation Modification**

12 TWC staff needed additional time to review the North Central Texas Board request. In
13 discussions with the North Central Board they acknowledged the sizable balances available,
14 identifying \$10,800,000 in carryforward funds. Recognizing the challenges that sharp increases
15 and decreases have on program performance and stability, the North Central Texas Board is
16 requesting the Commission's consideration to use these funds to support working families within
17 their regional economy.

18 Child Care funds are allocated to workforce areas to support parents residing within the
19 workforce area so they can work or participate in education/training. In the metroplex, many
20 individuals commute across county lines¹. Child care funds are portable, and may be expended
21 across county lines, based on parental choice in the selection of a child care provider. The North
22 Central Texas Board has recognized the challenge that they are facing in scaling their program
23 based on the availability of these carryforward funds but would still like the metroplex region's
24 economy to benefit from the availability of child care to support working parents. Therefore, the
25 North Central Texas Board is requesting a modification to their child care allocations totaling
26 \$10,800,000 and requesting that these funds be reallocated in support of their regional economy.

27 The TWC rules Chapter 800 General Administration rule §800.51(f), outline provisions
28 allowing the Commission to determine, modify or reallocate workforce area allocation, as
29 follows:

30 (f) Notwithstanding any other provision of the rules contained in this part, the level of
31 funding allocated to a workforce area may be determined, modified, or reallocated by the
32 Commission for one or more of the following reasons:

33 (1) to ensure full utilization of the funding;

34 (2) to ensure compliance with state and federal requirements applicable to the state;

35 (3) to meet the state's federal participation rates;

36 (4) to respond to caseload changes; or

37 (5) to respond to unforeseen demographic or economic changes.

¹ <https://www.dallaschamber.org/wp-content/uploads/2019/03/Access-CommutingPatterns.pdf>

1 **Decision Point 1**

2 Staff is seeking the Commission’s direction on exercising a limited use of its broad authority
3 granted in §800.51(f), to ensure the full utilization of child care funds, and respond to child
4 care caseload changes. This limited approval is based on an opportunity to direct funds to
5 support the metroplex’s regional economy, and would modify the North Central Workforce
6 Area’s child care allocations as follows:

- 7 ➤ Decrease the North Central Texas Workforce Area’s child care allocation by \$10,800,000
8 in total, as follows:
9 ○ \$5,760,000 in BCY’20
10 ○ \$5,040,000 in BCY’21

11
12 **Issue 2 – Reallocation of Child Care Funds**

13 This allocation modification would be coupled with a reallocation to support child care needs
14 within the metroplex region (as defined by the Texas Comptroller²).

15 Staff has reviewed the workforce areas within the metroplex (Dallas, Tarrant and Texoma)
16 regarding a reallocation of funds. Staff analyzed the Boards’ BCY’19 end of year actual number
17 of children enrolled against the BCY’20 child care performance target in order to determine
18 whether the Boards were facing challenges in meeting new performance expectations. Of these
19 three Boards:

- 20 • Two Boards – Tarrant and Texoma – must already increase the number of children served
21 in BCY’20 and are receiving additional funding to support an expansion of children
22 served.
23 • One Board – Dallas – is facing significant reductions in the number of children served
24 (over 13% in BCY’20 and over 15% in BCY’21). Dallas concluded BCY’19 at their
25 maximum affordable number of children; however, their BCY’20 target is significantly
26 lower.

27
28 A reallocation of funds to the Dallas workforce area would significantly improve their ability to
29 scale down their numbers served more gradually and assist the Board in addressing this
30 unforeseen challenge.

31 **Decision Point**

32 Staff seeking the Commission’s direction on exercising a limited use of its broad authority
33 granted in §800.51(f) to ensure the full utilization of child care funds, and respond to child
34 care caseload changes. This limited approval is based on an opportunity to direct funds to
35 support the metroplex’s regional economy, and would reallocate child care funds as follows:

- 36 ➤ Increase the Dallas workforce area’s BCY’20 child care allocation by \$10,800,000
37 ○ \$2,500,000 in BCY’20
38 ○ \$5,500,000 in BCY’21
39 ○ \$2,800,000 in BCY’22

² <https://comptroller.texas.gov/economy/economic-data/regions/>