

**Child Care Development Block Grant (CCDBG) COVID-19 Federal Funding
Fourth Tranche of New Initiatives
Discussion Paper**

1 Background

2 The Texas Workforce Commission has received increased Child Care and Development Block Grant
3 (CCDBG) funding through several COVID-19 related pieces of federal legislation:

4
5 CARES – TWC previously received \$371,663,374 of [Coronavirus Aid, Relief, and Economic](#)
6 [Security](#) (CARES) Act funding. The majority of these funds were budgeted to support a temporary
7 enhanced reimbursement rate for Child Care Services (CCS) child care providers, and to fund a
8 temporary essential worker child care program.

9
10 CRRSA – TWC is receiving \$1,135,748,591 in Child Care Development Block Grant (CCDBG)
11 funds from the [Coronavirus Response and Relief Supplemental Appropriations Act, 2021](#)
12 (CRRSA). On February 23, 2021, the Commission approved the [Planned Use of CRRSA Funds](#)
13 [Report outlining possible uses for these funds.](#)

14
15 ARPA – TWC will also receive \$4,424,303,632 CCDBG funding through the [American Rescue](#)
16 [Plan Act](#) (ARPA) as follows:

17	CCDF Discretionary Funds	\$1,703,369,713
18	CCDF Stabilization Grant Funds	\$2,724,368,837

19
20 TWC’s three-member Commission (Commission) will consider additional investments of these funds.
21 See Attachment 1 for an overview of funding.

22 Issue 1 – Low Income Child Care - \$293.2 million

23
24 Investing CRRSA/ARPA funding in to child care subsidies will allow TWC to support more working
25 families. TWC and the Boards will plan for the expiration of the one-time funds to ensure effective
26 enrollment management and will manage any decreases in the numbers served through the natural
27 attrition of children off child care.

28 *Funding to Maintain FY22 Level in FY23 & FY24, Based on FY22 Carryforward Amount*
29 *Available - \$160 million*

30 In FY22, the Board’s child care allocations included approximately \$71.5 million that was carried
31 over from prior Fiscal Years, which will support subsidies for approximately 9,200 average
32 children per day. These were one-time funds and are not available in subsequent years. TWC can
33 dedicate funding to maintain the estimate 9,200 additional low-income children in FY23 and FY24,
34 which will support more working parents with their child care needs.

35
36 *Increased Funding to Support Same Number of Children Enrolled in July 2021 - \$133.7 million*

37 In FY21, we project that Boards will serve a YTD average of 112,000 to 113,000 children per day.
38 However, when looking at July enrollments, Boards were serving 121,800 children per day. Based
39 on the preliminary FY22 targets, the approved Board Child Care Allocation will support about
40 116,600 children per day. TWC can invest additional funds in BCY22 to allow Boards to continue
41 serving approximately 121,800 children per day, which is an increase of 5,200 children per day in

1 FY22. TWC can also consider dedicating funding to continue serving an additional 5,200 children
2 per day in FY23 and FY24.

3
4 The chart below summarizes the number of children served per day, and the amount of funding
5 needed:
6

	9,200 kids per day	5,200 kids per day	Total Funds Request per Fiscal Year
FY22	Currently funded in the FY22 Allocation with \$71.5 million of one-time carryforward from FY21	Proposed to be funded with \$41.4 million of CRRSA/ARPA	\$41.4 million
FY23	Proposed to be funded with \$76.9 million of CRRSA/ARPA	Proposed to be funded with \$44.5 million of CRRSA/ARPA	\$121.4 million
FY24	Proposed to be funded with \$82.6 million of CRRSA/ARPA	Proposed to be funded with \$47.8 million of CRRSA/ARPA	\$130.4 million

7
8 **Decision Point 1**

9 Staff seeks the Commission’s direction on

- 10
- 11 • approving \$293.2 million for distribution to Local Workforce Development Boards for low-income child care, as described above; and
 - 12 • distributing the FY22 funds to the Local Workforce Development Boards in Board Contract
13 Year 2022, with associated performance targets, as outlined in Attachment 2.

14 **Issue 2 - Matching Grant Opportunity - \$25 million**

15 Many charitable organizations are interested in investing in the early childhood system to help foster
16 and promote early education efforts and to build a strong foundation of support for the future
17 workforce. TWC can leverage these private investments with Child Care and Development (CCDF)
18 funding to build and enhance Local Workforce Development Board (Board) partnerships with entities
19 who want to support early childhood efforts.

20 Similar to the Child Care Industry Partnership (CCIP) program, which provides a 100 percent match
21 for local cash contributions from industry partners (private employers and corporate foundations),
22 these matching grants will leverage CRRSA/ARPA funds for activities that improve the quality of
23 child care (excluding direct child care services).

24 Like CCIP, the matching grants will require that local cash match be donated to the Board and
25 accepted by TWC’s three-member Commission as CCDF match. CRRSA/ARPA matching funds will
26 be added to the partner donations and then granted to the Board. These partner cash match donations
27 are separate and apart from the Board’s annual local match target funds and are an opportunity for
28 Boards to leverage additional donations to expand early childhood efforts.

1 Boards may submit an application with their partnering donor to TWC detailing how they would like
2 to invest these funds in local efforts to expand and improve the quality of child care. As with CCIP,
3 TWC will provide matching funds to support the following quality improvement activities, up to
4 \$750,000 in match per grant. It is TWC’s expectation that funds requested will be expeditiously
5 invested, and services developed and implement timely.

6 **Decision Point 2**

7 Staff seeks direction on using \$25 million of CRRSA/ARPA funds to implement a new 1:1 matching
8 grant opportunity for any private entity who wants to partner with their Board to donate funds to invest
9 in child care quality improvement activities. Boards should aim to expend all funds no later than
10 March 31, 2024. Funds donated will be accepted by TWC as a CCDF match and may be used to draw
11 down additional federal matching funds.

12 **Issue 3 – Prekindergarten Partnership Expansion, Part 1 - \$26 million**

13 In 2019, the 86th Texas Legislature enacted House Bill 3 (HB3), which included new requirements for
14 prekindergarten (Pre-K) for all eligible four-year-olds. Through formal [Pre-K partnerships](#), Pre-K
15 teachers can be located within child care programs and provide public school Pre-K instruction within
16 the child care classroom. The child care programs provide wrap-around child services before and after
17 the Pre-K program, when Pre-K classes are not being taught. Both the Texas Education Agency (TEA)
18 and TWC have posted information on Pre-K Partnerships on their websites ([TEA website](#) , [TWC](#)
19 [website](#)). In areas of the state where schools are not yet ready to establish formal Pre-K partnerships,
20 local child care providers and schools may enter into informal partnerships, which build and support
21 better coordination and alignment between the two systems. Informal partnerships may include
22 coordinated professional development opportunities, alignment in the use of child assessment tools
23 and/or curriculum in use by each entity.

24 TWC has supported the development of formal Pre-K partnerships, most recently through funding
25 provided to TEA for the Regional Early Childhood Education Support Specialists (RECESS)
26 initiatives. One of the [RECESS initiatives](#) (initiative 3) supported entities who worked to increase and
27 sustain Pre-K formal and informal partnerships in in Fiscal Year 2019-2021. In the first two years, the
28 four [RECESS initiative 3 grantees](#) have established formal partnerships in over 80 classrooms,
29 enrolling over 1,400 children in Pre-K programs. Building on this framework, and on best practices
30 and lessons learned, TWC can support the expansion of pre-k partnership models within Texas Rising
31 Star child care providers.

32 TWC will support two complimentary strategies:

- 33 • TWC - PreK Partnership Specialists
- 34 • TEA Funding (*for possible consideration at a future meeting*)

35 *TWC Pre-K Partnership Specialists*

36 TWC’s Child Care & Early Learning (CC&EL) Division will hire 27 staff as follows: 2 state-level
37 staff and 5 Partnership Supervisors to oversee 20 local Pre-K Partnership Program Specialists (see
38 Attachment 3). Funding will support TWC Pre-K Partnership Outreach Specialists, who will work
39 regionally to educate child care programs and local education agencies about partnership
40 opportunities.

1 Each Partnership Specialist will serve as a resource to support, expand, and enhance Pre-K
2 partnership settings, and will focus on:

- 3 • Informing and engaging potential partners
- 4 • Supporting and navigating the formalization of partnerships, offering different models
5 depending on the strengths and needs of each community partner
- 6 • Capacity building and systems development for the sustainability of partnerships.

7
8 The overarching goal of the activities within these three focus areas is to generate interest in
9 partnerships and increase the number of child care partners, public school partners, and/or children
10 participating in formal partnerships. Specific activities may include: outreaching to potential
11 partners to educate them and gauge interest, matching potential partners (LEA and child care),
12 supporting partners throughout negotiations, coordinating efforts with local ESCs and Local
13 Workforce Development Boards, providing feedback to state agencies, participating in peer
14 learning opportunities, documenting this work in a centralized management system, and identifying
15 and coordinating teachers for alternative certification scholarship.

16
17 Funding will also be available to support new Pre-K classroom program start-up costs. Funding will
18 support awards of up to \$20,000/classroom to child care programs to assist with provider start-up
19 costs, including curriculum, training, stipends for child care employed teachers in Pre-K classrooms to
20 help with retention and reward them for new quality requirements being met, building modifications
21 (excluding construction or major renovation), and other one-time costs. Funding may also be used to
22 support costs for alternative teacher certifications, up to \$7000, for teachers in Pre-K partnership
23 classrooms to receive their alternative certification from an entity approved by [TEA](#). TWC will also
24 dedicate \$250,000 to support program evaluation.

25 **Decision Point 3**

26 Staff seeks the Commission’s direction on approving \$26 million to support the development of Pre-K
27 partnership models across the state, as described above.

28 **Issue 4 – Professional Development Scholarship Expansion - \$7 million**

29 Rider 27, Article VII, General Appropriations Act 2022-2023 directs TWC to dedicate \$750,000 each
30 year of the biennium for professional development for early childhood professionals. Through a
31 competitive procurement, TWC selected the Texas Association for Education of Young Children
32 (TXAEYC) to implement these professional development services.

33 With the current grant, TXAEYC is projected to serve approximately 300 early childhood
34 professionals and support their pursuit and attainment of a Child Development Associate (CDA)
35 Credential, an associate’s degree, a bachelor’s degree, or participation in an apprenticeship program.
36 An increase of \$3.5 million per year will pay for the release time of the trainees so they can attend
37 education/training, will support the costs of the substitute teacher, and will allow TXAYEC to serve
38 approximately 315 additional early childhood professionals per year in pursuit of the higher-level
39 degrees.

1 **Decision Point 4**

2 Staff seeks the Commission’s direction on increasing the Professional Development Scholarship grant
3 by \$ 3.5 million in Fiscal Year 2022 and by \$3.5 million in Fiscal Year 2023.

4 **Issue 5 - Shared Services – \$28 million**

5 A June 2016 brief, [Shared Services as a Strategy to Support Child Care Providers](#), issued by a U.S.
6 Department of Education State TA Center, outlines the Shared Services framework, and includes a
7 quote from Louise Stoney who first introduced this concept:

8 “At its core, Shared Services is a simple idea: organizations can reduce costs and improve the
9 strength of management and the quality of services by sharing administrative functions with
10 other organizations that provide the same types of services. By joining forces, ECE programs
11 are able to stay small, preserving intimacy important to families, while also able to improve
12 long term financial strength and management capacity and the ability to provide a high-quality
13 service.”

14 Shared Services Alliances support a partnership of child care providers and aim to strengthen systems
15 and improve efficiency at the provider level by sharing resources to leverage economies of scale.
16 Shared Services Alliances can assist providers in a variety of areas, and each Alliance is customized
17 based upon the needs identified by its member providers. All Alliances share the goal of strengthening
18 business and/or pedagogical leadership across the participating early learning programs by creating
19 structures that enable the sharing of staff, information, and resources.

20 Each Shared Services Alliance is organized by a local entity/organization. The Alliance’s lead
21 organization serves as the coordinator, and assists in helping child care providers identify their
22 common needs, and facilitate the coordination and implementation of the agreed-upon shared services,
23 which may include:

- 24 • Joint Purchasing
- 25 • Business Software/Back-Office Solutions
- 26 • Human Resources
- 27 • Shared Administrative Staff
- 28 • Staff Recruitment and Substitute Pool
- 29 • Janitorial and Maintenance Services
- 30 • Prekindergarten Partnership Support
- 31 • Professional Development
- 32 • Business Management/Program Policies & Procedures
- 33 • Recruitment, Marketing, and Student Retention
- 34 • Staff Retention Strategies
- 35 • Financial Supports and Development

36 TWC can support Shared Services through the funding of staffed Shared Services Alliances.
37 Organizations that apply as a Shared Services Alliance must:

- 38 • be located in the state of Texas; and

- 1 • have experience delivering or supporting activities that strengthen families and/or early
2 childhood development.

3 The local Alliance entity/organization could be a large child care center, an intermediary organization
4 such as a nonprofit that serves early learning programs, or a central administrative office created
5 specifically for the Alliance. Alliance entities/organizations generally are not governmental entities.
6 Alliance entities/organizations are not expected to replicate any services provided by Local Workforce
7 Development Boards, such as quality improvement. Rather, they can provide complimentary services
8 to help meet shared goals.

9 TWC can fund an estimated 15 new Alliances or the expansion of existing Alliances through May
10 2024. It typically takes 6-12 months to establish a robust Shared Services Alliance, and an additional 2
11 years to achieve sustainability. With dedicated funding to support the initial start-up costs and a TWC
12 staff person to serve as a Shared Services expert supporting local Shared Services Alliances throughout
13 the project, we aim to achieve sustainability by the end of FY24.

14 Funding will support the costs for the staffed Shared Services Alliance coordinator staff, as well as
15 costs for Shared Services implementation up to \$500,000 per year for each Alliance (based on the size
16 of the Alliance and on the shared services strategies):.

17 The Shared Services Alliance coordinator staff will assist providers with:

- 18 • coordination and negotiation of joint purchasing for items such as supplies, material,
19 curriculum, assessment tools and equipment.
- 20 • coordination to implement staff retention supports such as group health insurance or other
21 benefits
- 22 • development of business management/program policies and procedures, including staff
23 recruitment, strategic planning, identifying key metrics to monitor, and monthly/quarterly
24 dashboards.

25 The Shared Services implementation funding may support a variety of activities. New Alliances
26 should focus sharing services that impact Iron Triangle¹ metrics, particularly for year 1. Existing
27 Alliances can expand to other pedagogical and business supports, while still maintaining a key focus
28 on Iron Triangle metrics. The specific services to be provided will be agreed upon by the child care
29 Shared Services Alliance members. They may include:

- 30 • purchase and training on back-office software, as well as support to migrate from current
31 practices to new practices
- 32 • computers, monitors, printers
- 33 • internet connectivity to ensure providers can use the software
- 34 • outreach and family engagement efforts to support full enrollment

¹ The Office of Child Care’s Early Childhood Training and Technical Assistance Team website includes an article that addresses the Iron Triangle—maintaining full enrollment, collecting fees in full and on time, and collecting revenues that fully cover costs (fees and third-party funding if required)—largely define the financial health of child care programs. https://childcareta.acf.hhs.gov/sites/default/files/public/delivering_quality_strengthening_the_business_side_of_ece.pdf
The author, Louise Stoney, has also published a brief on the Iron Triangle https://unitedwaymassbay.org/wp-content/uploads/2020/05/OpEx_2019_IronTriangle.pdf

- addressing provider’s professional development needs
- staff retention services such as mental health consultants or benefits coordination
- Experts or temporary administrative staff (in addition to the Alliance coordinator staff) to assist with business efficiencies such as reporting, food program management, software implementation, financial management, taxes, human resources, Pre-K partnership documentation, grant writing, development of business management/program policies and procedures, or substitute recruitment, training, and billing

TWC can also dedicate funds to secure national experts who can provide enhanced program planning, support and technical assistance throughout the project to assist with implementation and will assist Shared Services Alliances in learning about national best practices. This can help to ensure Alliances are set up for success and sustainability.

Any Alliances funded through this project must include a plan for sustainability beyond these start-up activities funded by TWC. As a key part of sustainability, Alliances will be expected to charge membership fees or identify other funding to maintain services beyond the grant period.

Funds will also be used for program evaluation which will include the identification of implementation challenges and successes, the shared services that were most advantageous to the member child care programs, if provider’s efficiency was improved, as well as Shared Services Alliance sustainability.

Program evaluation will include, but is not limited to the following:

- Tracking and documentation of start-up process, challenges and successes, and length of time for project development
- Analysis of Alliance development and any barriers to completion
- Analysis of Alliance impact on child care businesses including Iron Triangle metrics, overall increased revenue, overall cost savings, time spent on various activities, staff retention, and any other goals identified by each Alliance
- Understanding of child care program satisfaction
- Plans for program sustainability
- Plans and recommendations for future success

Decision Point 5

Staff seeks the Commission’s direction on dedicating \$28 million for Shared Services as follows:

- \$22.2 million dedicated to support Shared Service Alliance. TWC will conduct a procurement to select Local Alliances. Each Local s will employ a Shared Services Coordinator who will oversee the development and implementation of Shared Services collaborations, models and strategies.
- \$450,000 dedicated for national best practices support and technical assistance resources
- \$450,000 dedicated for an evaluation

1 **Issue 6 - Child Care Studies and Evaluations – \$1,602,000**

2 TWC can use the pandemic federal CCDBG funding to support the development of the following
3 studies:

4 Child Care Workforce Strategic Plan - \$832,000

5 [HB619](#) (87th Legislature) amended the Texas Labor Code, adding §302.0062, which requires the Texas
6 Workforce Commission to prepare a strategic plan for improving the quality of the infant, toddler,
7 preschool, and school-age child-care workforce in this state and to update the plan every three years.
8 The final report must include an analysis of the current child care workforce, and recommendations to
9 improve, support, and sustain the child care workforce. The estimated cost for this study is \$832,000.

10
11 Child Care Cost/Price of Quality Reports - \$770,000

12 The Child Care and Development Fund (CCDF) [2016 Final Regulations](#) contain requirements in
13 [§98.45](#) on Equal Access, and include requirements regarding data that states must use to establish child
14 care rates. In addition to the annual Market Rate Survey that TWC currently conducts (under contract
15 with the University of Texas), TWC must also conduct a Narrow Cost Analysis. The Office of Child
16 Care has provided states with [guidance](#) on required Narrow Cost Analysis, providing the following
17 examples of analyses that states may conduct:

- 18 • Cost Modeling, using the Provider Cost of Quality ([PCQC](#)) or a similar tool
- 19 • Conducting a limited cost survey or study
- 20 • Examining cost differentials for higher-quality care

21
22 TWC can consider how to support various studies on child care price and cost. TWC conducts an
23 annual Market Rate Survey and is also currently conducting a Cost of Quality/Narrow Cost Analysis to
24 examine the cost differentials for higher quality care. TWC can direct the University of Texas to
25 expand the data collected through the Annual Market Rate Survey sufficient to be able to regularly
26 produce a Cost of Quality Report.

27 In addition, TWC can consider developing a new report to examine the projected cost of quality, based
28 on the Provider Cost of Quality Calculator tool, with an update to be conducted on the cost driver data
29 in two years.

30 Each of the following three reports will provide a different analysis, that when taken together, can
31 provide a more comprehensive understanding of the price and cost of child care in Texas Market Rate
32 Survey – to continue on an annual basis

- 33 1. Cost of Quality (a Narrow Cost Analysis) – following the first Cost of Quality Report
34 which is currently underway, TWC can consider expanding data collection through the
35 Market Rate Survey in order to produce a study of the Cost of Quality in Centers, and the
36 Cost of Quality in homes. Aligning the data collection for both reports will improve the
37 efficiency and reduce the overall cost for producing Cost of Quality reports.
- 38 2. Cost Modeling/PCQC Analysis (a Narrow Cost Analysis) – TWC can consider conducting
39 a separate study using a PCQC analysis, to examine the price of quality child care in each
40 of the 28 Local Workforce Development Areas. OCC’s National Center on Early
41 Childhood Quality Assurance has issued [guidance](#) on the use of the PCQC and using the

1 tool to demonstrate the financial implications to provide a given level of quality, including
2 variables such as ratios and group size, and staff compensation.

3
4 See Attachment 4 for additional detail on the federal requirements regarding Market Rate Survey
5 analysis and Cost of Quality analysis.

6
7 The following chart outlines potential timing for each of the new reports:

Report Date*	Cost of Quality Report	Est. Cost
Summer 2022	1 st Cost of Quality Final Report	Previously approved @ \$1 million
Summer 2023 Summer 2024	2 nd Cost of Quality Report – Centers 2 nd Cost of Quality Report - Homes	\$470,000 – requesting approval in this Discussion Paper
Summer 2025 Summer 2026	3 rd Cost of Quality Report – Centers 3 rd Cost of Quality Report - Homes	\$470,000

8 **To be continued in future years following this timeline*

Report Date	Provider Cost of Quality Calculator Report	Est. Cost
Late 2023	PCQC Report	\$300,000 – requesting approval in this Discussion Paper
Late 2025	Update PCQC Report	\$150,000

9
10 **Decision Point 6**

11 Staff seeks the Commission’s direction as follows:

- 12 • For the Child Care Workforce Strategic Plan approving \$832,000 in CRRSA/ARPA to support
13 the development of a as outlines above.
- 14 • For the Cost of Quality Report:
 - 15 ○ Modifying the Market Rate Survey to expand data collection necessary to provide a
16 Cost of Quality Center report and a Cost of Quality Home Report and approving
17 \$470,000 in CRRSA/ARPA funds to support the additional FY23/FY24 Cost of Quality
18 Reports.
 - 19 ○ Budgeting for future Cost of Quality Reports through TWC’s Annual Operating Budget
20 approval process
- 21 • For the Provider Cost of Quality Calculator Report:
 - 22 ○ Budgeting \$300,000 in CRRSA/ARPA for the FY23 report; and
 - 23 ○ Budgeting for the FY25 Cost of Quality update through TWC’s Annual Operating
24 Budget approval process.

1 **Issue 7 – Provider Growth/Support Payments for Providers in the Child Care**
2 **Assistance Program - \$287 million for 1 Year**

3 TWC may temporarily increase the amount of the child care reimbursement for providers in the child
4 care assistance program. This temporary increase, proposed at 20 percent, is estimated to cost \$287
5 million for 1 year. These funds may be used by child care providers to assist them with their operating
6 expenses and may allow providers additional resources for the recruitment and retention of staff.
7 Boards will be directed to provide a 20 percent increased payment, based on the number of approved
8 referrals for both TWC-referred children, as well as DPFS-referred children.

9 **Decision Point 7**

10 Staff seeks the Commission’s direction on implementing a temporary 20 percent increase to provider
11 reimbursement rates in Board Contract Year 2022, estimated to cost \$287 million.

Summary of Child Care Stimulus Funding

Funding Source	Obligation & Expenditure Deadlines	Total Appropriated to TWC
CARES	obligated by 9/30/2022; expended by 9/30/2023	\$371,663,374
CRRSA	obligated by 9/30/2022; expended by 9/30/2023	\$1,135,748,591
ARPA Stabilization Grant 10% Supply Building/TA/Admin	obligated by 9/30/2022; expended by 9/30/2023	\$272,436,884
ARPA Stabilization Grant 90% Grants to Providers	obligated by 9/30/2023; expended by 9/30/2024	\$2,451,931,953
ARPA Discretionary	obligated by 9/30/2023; expended by 9/30/2024	\$1,703,369,713
Total		\$5,935,150,515

Project	Date Approved	Funding Level
Essential Worker Child Care (<i>final</i>)	March 24, 2020	\$52,400,000
Enhanced Reimbursement Rate (<i>final expenditures as of 9/30/21</i>)	May 19, 2020 July 28, 2020 August 20, 2020 January 12, 2021	\$207,619,857
FY20 Low-Income Child Care (<i>final</i>)	August 20, 2020	\$17,500,000
FY21 Low-Income Child Care	August 20, 2020	\$33,300,000
First Tranche		
2021 Child Care Relief Funds (up to \$775 million)	May 4, 2021	\$580,000,000
TA/Business Coaches	May 4, 2021	\$15,000,000
Second Tranche		
Service Industry Recovery Child Care	June 28, 2021	\$500,000,000
Texas Rising Star Support	June 28, 2021	\$30,000,000
Texas Rising Star Contracted Slots Pilot	June 28, 2021	\$20,000,000
Early Childhood Apprenticeship Project Development	June 28, 2021	\$3,450,000
TWC Program Administration	June 28, 2021	\$5,678,743
Third Tranche		
2022 Child Care Relief Funds	October 19, 2021	\$2,451,931,953
TWC Program Administration	October 19, 2021	\$42,500,000

Project	Date Approved	Funding Level
Fourth Tranche (this Discussion Paper)		
FY22-24 Low Income Child Care	November 2, 2021	\$293,200,000
Matching Grants to Improve Quality	November 2, 2021	\$25,000,000
TWC Pre-K Partnership Expansion	November 2, 2021	\$26,000,000
Professional Development Scholarship Expansion	November 2, 2021	\$7,000,000
Shared Services	November 2, 2021	\$25,000,000
Studies/Evaluations	November 2, 2021	\$1,602,000
FY22 CCS Provider Enrollment/Growth Support	November 2, 2021	\$287,000,000

Total Funds Approved and Funds Remaining Available	
Total Approved	\$4,624,182,553
Remaining Balance	\$1,310,967,962

BCY'22 Supplemental Allocation of \$41.4 million

		Supplemental Distribution, 11/2/21	Total BCY22 Allocation	Supplemental BCY22 Performance Target	Total BCY22 Performance Target
1	Panhandle	\$646,769	\$15,521,541	88	1,921
2	South Plains	\$655,915	\$15,900,875	96	2,154
3	North Texas	\$297,449	\$7,366,524	47	1,071
4	North Central	\$2,161,307	\$70,539,769	248	7,329
5	Tarrant County	\$2,691,326	\$78,296,676	279	7,540
6	Dallas County	\$4,855,178	\$120,082,583	568	13,282
7	North East	\$448,322	\$9,965,883	74	1,494
8	East Texas	\$1,269,425	\$30,757,049	205	4,575
9	West Central	\$434,249	\$10,135,706	68	1,465
10	Borderplex	\$1,759,186	\$44,608,802	296	7,010
11	Permian Basin	\$595,691	\$17,502,294	79	2,171
12	Concho Valley	\$172,654	\$4,778,224	31	800
13	Heart of Texas	\$598,709	\$14,612,403	95	2,127
14	Capital Area	\$1,286,122	\$33,296,664	111	2,584
15	Rural Capital	\$813,188	\$23,115,808	87	2,262
16	Brazos Valley	\$463,188	\$10,857,658	56	1,171
17	Deep East	\$625,910	\$13,961,701	93	1,960
18	Southeast	\$569,269	\$13,468,721	83	1,836
19	Golden Crescent	\$275,868	\$6,704,843	45	993
20	Alamo	\$3,681,601	\$84,839,149	433	9,364
21	South Texas	\$829,949	\$18,336,189	131	2,671
22	Coastal Bend	\$963,231	\$21,662,812	130	2,619
23	Lower Rio	\$2,741,982	\$57,062,044	421	8,297
24	Cameron	\$1,168,221	\$24,904,475	176	3,525
25	Texoma	\$267,723	\$6,142,565	42	894
26	Central Texas	\$760,315	\$19,533,750	129	2,974
27	Middle Rio	\$391,960	\$8,378,288	72	1,371
28	Gulf Coast	\$9,975,293	\$241,171,954	1,156	26,516
		\$41,400,000	\$1,023,504,950	5,339	121,976

Supplemental Allocations are based on FY 2022 factor data and funded with Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act and American Rescue Plan Act (ARPA) funding related to COVID-19.

Prekindergarten Partnership Expansion Program

The Child Care & Early Learning Division (CC&EL) will oversee a new Prekindergarten (Pre-K) Partnership Expansion Program in Fiscal Years 22-24. CC&EL will hire 2 state-level staff (a Coordinator and co-Coordinator) and will hire a Program Supervisors to oversee the local Pre-K Partnership Program Specialists within 5 regions, as outlined below.

5 Regions - 1 Supervisor per Region	# of TWC Partnershi p Specialists	Education Service Center Regions	Local Workforce Development Areas (LWDA)	# of LEAs in each LWDA
Metroplex	3	10 – Richardson 11 – Fort Worth 12 – Waco (partial)	5 – Tarrant 6 – Dallas 4 – North Central 25 – Texoma	19 35 102 28 184 total LEAs
West Texas	5	9 – Wichita Falls 14 – Abilene 15 – San Angelo 16 – Amarillo 17 – Lubbock 18 – Midland 19 – El Paso	1 – Panhandle 2 – South Plains 3 – North Texas 9 – West Central 10 – Borderplex 11 – Permian Basin 12 – Concho	57 46 32 60 23 31 19 268 total LEAs
Central/East Texas	5	5 – Beaumont 6 – Huntsville 7 – Kilgore 8 – Mt Pleasant 12 – Waco 13 - Austin	7 – North East 8 – East Texas 13 – Heart of Texas 14 – Capital Area 15 – Rural Capital 16 – Brazos Valley 17 – Deep East 26 – Central Texas	42 74 47 15 34 25 55 29 321 total LEAs
South Texas	4	1 – Edinburg 2 – Corpus Christi 3 – Victoria 20 – San Antonio 4 – Houston (partial)	19 – Golden Crescent 20 – Alamo 22 – Coastal Bend 21 – South Texas 23 – Lower Rio 24 – Cameron 27 – Middle Rio	23 66 44 5 25 9 14 186 total LEAs
Gulf Coast	3	4 – Houston (partial) 5 – Beaumont	18 – Southeast 28 – Gulf Coast	19 94 113 total LEAs

Child Care Studies/Reports on Child Care Rates

Federal Regulations

The Child Care and Development Fund (CCDF) [2016 Final Regulations](#) contain requirements in §98.45 regarding data used to establish child care rates as follows:

98.45(c) The Lead Agency shall demonstrate in the Plan that it has developed and conducted, not earlier than two years before the date of the submission of the Plan, either:

- (1) a statistically valid and reliable survey of the market rates for child care services; or,
- (2) an alternative methodology, such as a cost estimation model

98.45(b) The Lead Agency shall provide in the [State] Plan a summary of the data and facts relied on to determine that its payment rates ensure equal access. At a minimum the summary shall include:

- (1) How a choice of the full range of providers is made available....
- (2) How payment rates are adequate and have been established based on the most recent market rate survey or alternative methodology conducted in accordance with paragraph (c) of this section;
- (3) How base payment rates enable providers to meet basic health and safety, quality, and staffing requirements [in accordance with the following]:
 - (f)(1)(ii) The estimated cost of care necessary (including any relevant variation by geographic location, category of provider, or age of child) to support: (A) Child care providers' implementation of the health, safety, quality, and staffing requirements at §§ 98.41 through 98.44 [required health and safety, criminal background checks, required training]; and
 - (f)(2)(ii) With base payment rates established at least at a level sufficient for child care providers to meet health, safety quality, and staffing requirements in accordance with paragraph (f)(1)(ii)(A) of this section

Market Rate Survey

The Texas Workforce Commission (TWC), in partnership with the University of Texas, has been conducting Market Rate Surveys for many years; these surveys are posted on TWC's [website](#). OCC's National Center on Subsidy and Innovation, published a [brief](#) on Market Rate Surveys, noting that they

analyze the price and fees charged by child care providers for services provided in the open market. The brief also provides information on the distinction between “price” and “cost” of child care. Market Rate Surveys examine the price of child care. The brief observes that “A primary reason why providers may not consider the cost of providing services when setting prices is that the prices generally reflect the amount the local market demands.”

Alternative Methodology

The federal Office of Child Care (OCC) released additional guidance, [CCDF-ACF-PI-2018-01](#), on Alternative Methodologies. OCC notes that prior approval is required only if a state is replacing the Market Rate Survey with an Alternative Methodology. States wishing to conduct an Alternative Methodology review in addition to the Market Rate Survey do not need prior OCC approval. OCC also notes that “The Act and the final rule do not define an alternative methodology but indicate that a cost estimation model is one possible approach. While a market rate survey examines prices charged to parents, a cost estimation model or cost study examines the cost to the provider of delivering services.”

OCC notes that there are two types of alternative methodologies that states may consider, and these are further explained in the Office of Planning and Research (OPRE) [Report 2017-115: Market Rate Surveys and Alternative Methods of Data Collection and Analysis to Inform Subsidy Payment Rates](#).

- Cost Estimation Model – based on a set of assumptions to estimate expected costs. OCC has published a tool in use by many states, the [Provider Cost of Quality Calculator \(PCQC\)](#).
- Cost Study/Survey – collected data from a sample of providers to measure cost of delivering services, which requires collection of extensive, detailed data.

Narrow Cost Analysis

Regardless of whether a state conducts a Market Rate Survey or Alternative Methodology, all states are required to conduct a Narrow Cost Analysis. The [CCDF-ACF-PI-2018-01 Attachment](#) lays out several examples that may be used for the required Narrow Cost Analysis:

- Cost Modeling, using the [PCQC](#) or a similar tool
- Conducting a limited cost survey or study
- Examining cost differentials for higher-quality care

As OCC notes in their guidance, “While a market rate survey examines prices charged to parents, a cost estimation model or cost study examines the cost to the provider of delivering services. The prices that parents pay in many cases do not align with the full cost of delivering child care services, particularly high-quality services, and therefore cost information provides additional facts to inform the setting of payment rates.”