

1 **Child Care Allocation Methodology**
2 **Discussion Paper**

3 **Background**

4 Texas Workforce Commission (TWC) Rule §800.58 requires the TWC’s three-member
5 Commission (Commission) to allocate funds available for child care services to each Local
6 Workforce Development Board based on a needs-based formula. The formula prescribed by rule
7 includes the relative proportion of the following factors:

- 8 • children under the age of five years old;
- 9 • total number of people residing the workforce area whose income does not exceed 100
10 percent of the poverty level;
- 11 • children under the age of 13 years old; and
- 12 • children under the age of 13 years old in families whose income does not exceed 150 percent
13 of the poverty level.

14 TWC receives these demographic factors annually from the Texas Demographic Center at the
15 University of Texas San Antonio. Every year TWC uses the most recent year’s demographic factor
16 data to develop the upcoming year’s child care allocation which must then be approved by
17 Commission.

18 **Issue**

19 Federal discretionary Child Care funding increased substantially in late 2018 and has continued
20 at higher levels. Due to this increased funding, TWC has increased the child care allocations
21 made to workforce areas. Boards have in turn increased the number of children served per day.
22 The sudden and significant increase in funding has raised a need for better planning information
23 and more measured application of demographic data.

24 Changing the allocation methodology to use a three-year average would allow workforce areas to
25 smooth any gains or losses in their allocated child care funds over a three-year period versus a
26 one-year period. Using a three-year average would also allow for the development and
27 distribution of planning estimates or allocations sooner to help Boards manage the necessary
28 increases or decreases in children served.

29 **Decision Point(s)**

30 Staff seeks direction on use of the most recent three-year average of child care demographic
31 factors versus the use of only the most recent year’s demographic factors for Board Contract
32 Year 2021 child care allocations and planning estimates