

BCY'24 Board Child Care Allocations & Targets Discussion Paper

1 Introduction

2 TWC's Child Care Services (CCS) program receives a fixed amount of money to spend on (1) Direct
3 Care, (2) Quality Activities, and (3) Admin/Ops. To set targets, we must consider amounts attributable to
4 each of these areas.

5 Process Overview

- 6 1) Child Care Allocations are approved by the Commission.
- 7 2) 4% of Board Allocations are reserved for Quality Activities.
 - 8 a. The remaining 96% is available for Admin/Ops (administrative and operational expenses)
9 and Direct Care costs. The Direct Care amount is said to be "distributed to target."
- 10 3) Admin/Ops costs are categorized as follows:
 - 11 a. Semi-Fixed Costs that do not generally increase or decrease significantly with the number
12 of kids or families being served (e.g., rent, utilities, oversight, etc.)
 - 13 b. Variable Costs that do tend to increase or decrease significantly with the number of kids or
14 families being served (e.g., personnel salary, materials and supplies, etc.).
- 15 4) Each Board case mix requires estimating 384 combinations of:
 - 16 a. Provider Type (Licensed Center, Licensed Home, Registered Home, & Relative Care);
 - 17 b. Certification Type (Regular, Texas Rising Star 2, 3, or 4-Star, or Texas School Ready);
 - 18 c. Age of Child and
 - 19 d. Duration (full-time or part-time).

20 Because the 87th Texas Legislature passed legislation that requires all TWC CCS providers to
21 become Texas Rising Star certified, our current case mix model assumes a reduction in Regular
22 Care in BCY'24, BCY'25, and BCY'26, respectively, of 25%, 75%, and 75% since it will take
23 time for existing and new providers to comply with the certification requirement.
24

- 25 5) We estimate the average cost per day for a unit of child care for each Board using each Board's
26 maximum reimbursement rates, parent share of cost (PSOC) trends, and the average proportional
27 difference between maximum reimbursement rates and providers' published rates (because TWC
28 pays the lesser of the maximum reimbursement rate or the provider's published rate). We also
29 factor quality of care and anticipated inflation into this estimate.
30
- 31 6) The affordable number of kids per day (Allocation Target) is calculated by dividing the total
32 amount available for variable costs and direct care costs by the average system cost per unit and
33 then again by the number of child care days in the year (261 days for BCY'24, BCY'25, and
34 BCY'26).

35 BCY'24 CCS Revised Allocation, Target, and Mid-Year Review

36 The state's General Appropriations Act for Fiscal Year 24-25 biennium estimates that TWC will serve
37 approximately 140,000 children per day, on average, in each year. Based upon the factors described
38 above, TWC staff have estimated that the amount of funding that would be required to serve
39 approximately 140,000 children per day is less than the previously approved BCY'24 Child Care
40 Allocation of \$1,280,825,604 ([BCY'24 Allocation, approved May 23, 2023](#)).

1 In an effort to serve more children, while also recognizing that the average cost of care may continue to
2 increase, TWC staff recommend that the Commission set the Board’s BCY’24 target at 144,807 based
3 on a revised BCY’24 Child Care allocation as follows:

- 4 • Prior Approved Allocation of \$1,280,825,604
- 5 • Reduction of \$89,657,792
- 6 • New Allocation of \$1,191,167,812

7
8 Under the Commission’s rule [§800.51\(f\)](#) , the level of funding allocated to a workforce area may be
9 determined, modified, or reallocated in order to respond to caseload changes. Staff recommends that the
10 Commission reduce the initially approved BCY’24 allocation as authorized under [§800.51\(f\)](#), based on
11 updated case mix data. Staff estimated the amount of funding that would be required in BCY’24 based
12 upon an assumption that more CCS providers would have attained Texas Rising Star certification and
13 would be receiving an enhanced reimbursement rate of at least 5 percent. There are still over 4,600 CCS
14 providers who are Entry-Level Designated, and who must attain at least a 2-Star Texas Rising Star
15 certification level before the end of BCY’24. As more CCS providers attain Texas Rising Star
16 certification, the average cost for child care will increase.

17
18 In BCY’23, TWC began a mid-year review of the Board’s child care target, given the large number of
19 changes occurring in the program. With the implementation of mandatory Texas Rising Star, TWC
20 reviewed the data used for initial target setting later in the year to determine if the assumptions had
21 changed significantly. During the BCY’23 mid-year year review, the analysis illustrated that the average
22 cost of care had increased, based on more recent data, and the Commission approved additional funding to
23 ensure Boards had sufficient resources to reach their performance target. TWC staff again recommend
24 that we conduct a mid-year review of the BCY’24 child care targets, analyzing more recent data, and
25 presenting recommendations to the Commission in early calendar year 2025.

26 **Commission Decision:**

27 TWC staff recommend that the Commission:

- 28 • approve an updated BCY’24 child care allocation of \$1,191,167,812 as set forth in
29 Attachment 1, and in accordance with TWC rule [§800.51\(f\)](#).
- 30 • set BCY’24 targets, totaling 144,807 average children per day (an increase over the initially
31 planned 140,000 average children per day) as described in the above methodology, and as
32 outlined in Attachment 2.

Revised FY/BCY 2024 Child Care Allocation

#	Board Name	BCY'24 Initially Approved Child Care Allocation	Allocation Adjustment	BCY'24 Revised Child Care Allocation
1	Panhandle	\$19,868,779	(\$1,390,815)	\$18,477,964
2	South Plains	\$20,031,012	(\$1,402,171)	\$18,628,841
3	North Texas	\$9,061,643	(\$634,315)	\$8,427,328
4	North Central	\$83,423,764	(\$5,839,663)	\$77,584,101
5	Tarrant County	\$84,503,617	(\$5,915,253)	\$78,588,364
6	Dallas County	\$134,082,866	(\$9,385,801)	\$124,697,065
7	North East	\$12,814,372	(\$897,006)	\$11,917,366
8	East Texas	\$38,500,985	(\$2,695,069)	\$35,805,916
9	West Central	\$13,302,482	(\$931,174)	\$12,371,308
10	Borderplex	\$52,044,718	(\$3,643,130)	\$48,401,588
11	Permian Basin	\$21,267,573	(\$1,488,730)	\$19,778,843
12	Concho Valley	\$5,630,624	(\$394,144)	\$5,236,480
13	Heart of Texas	\$18,023,845	(\$1,261,669)	\$16,762,176
14	Capital Area	\$41,006,491	(\$2,870,454)	\$38,136,037
15	Rural Capital	\$31,598,449	(\$2,211,891)	\$29,386,558
16	Brazos Valley	\$14,121,648	(\$988,515)	\$13,133,133
17	Deep East	\$18,826,551	(\$1,317,859)	\$17,508,692
18	Southeast	\$17,639,280	(\$1,234,750)	\$16,404,530
19	Golden Crescent	\$8,136,845	(\$569,579)	\$7,567,266
20	Alamo	\$117,452,339	(\$8,221,664)	\$109,230,675
21	South Texas	\$20,796,974	(\$1,455,788)	\$19,341,186
22	Coastal Bend	\$29,383,599	(\$2,056,852)	\$27,326,747
23	Lower Rio	\$76,539,641	(\$5,357,775)	\$71,181,866
24	Cameron	\$32,043,603	(\$2,243,052)	\$29,800,551
25	Texoma	\$8,141,948	(\$569,936)	\$7,572,012
26	Central Texas	\$25,359,950	(\$1,775,197)	\$23,584,754
27	Middle Rio	\$10,994,061	(\$769,584)	\$10,224,477
28	Gulf Coast	\$316,227,945	(\$22,135,956)	\$294,091,989
		\$1,280,824,604	(\$89,657,792)	\$1,191,167,812

LWDA #	Revised FY 2024 Allocation	CCQ Contract (4% Child Care Quality)	CCF and CCM Amounts	CCF Contract	CCM Contract	Local Match Target	Revised FY 2024 Allocation
1	\$18,477,964	\$739,119	\$17,738,845	\$16,455,869	\$1,282,976	\$641,488	\$18,477,964
2	\$18,628,841	\$745,154	\$17,883,687	\$16,590,235	\$1,293,452	\$646,726	\$18,628,841
3	\$8,427,328	\$337,093	\$8,090,235	\$7,505,103	\$585,132	\$292,566	\$8,427,328
4	\$77,584,101	\$3,103,364	\$74,480,737	\$69,093,859	\$5,386,878	\$2,693,439	\$77,584,101
5	\$78,588,364	\$3,143,535	\$75,444,829	\$69,988,223	\$5,456,606	\$2,728,303	\$78,588,364
6	\$124,697,065	\$4,987,883	\$119,709,182	\$111,051,122	\$8,658,060	\$4,329,030	\$124,697,065
7	\$11,917,366	\$476,695	\$11,440,671	\$10,613,215	\$827,456	\$413,728	\$11,917,366
8	\$35,805,916	\$1,432,237	\$34,373,679	\$31,887,575	\$2,486,104	\$1,243,052	\$35,805,916
9	\$12,371,308	\$494,852	\$11,876,456	\$11,017,482	\$858,974	\$429,487	\$12,371,308
10	\$48,401,588	\$1,936,064	\$46,465,524	\$43,104,868	\$3,360,656	\$1,680,328	\$48,401,588
11	\$19,778,843	\$791,154	\$18,987,689	\$17,614,389	\$1,373,300	\$686,650	\$19,778,843
12	\$5,236,480	\$209,459	\$5,027,021	\$4,663,437	\$363,584	\$181,792	\$5,236,480
13	\$16,762,176	\$670,487	\$16,091,689	\$14,927,845	\$1,163,844	\$581,922	\$16,762,176
14	\$38,136,037	\$1,525,441	\$36,610,596	\$33,962,706	\$2,647,890	\$1,323,945	\$38,136,037
15	\$29,386,558	\$1,175,462	\$28,211,096	\$26,170,706	\$2,040,390	\$1,020,195	\$29,386,558
16	\$13,133,133	\$525,325	\$12,607,808	\$11,695,938	\$911,870	\$455,935	\$13,133,133
17	\$17,508,692	\$700,348	\$16,808,344	\$15,592,668	\$1,215,676	\$607,838	\$17,508,692
18	\$16,404,530	\$656,181	\$15,748,349	\$14,609,337	\$1,139,012	\$569,506	\$16,404,530
19	\$7,567,266	\$302,691	\$7,264,575	\$6,739,159	\$525,416	\$262,708	\$7,567,266
20	\$109,230,675	\$4,369,227	\$104,861,448	\$97,277,262	\$7,584,186	\$3,792,093	\$109,230,675
21	\$19,341,186	\$773,647	\$18,567,539	\$17,224,627	\$1,342,912	\$671,456	\$19,341,186
22	\$27,326,747	\$1,093,070	\$26,233,677	\$24,336,305	\$1,897,372	\$948,686	\$27,326,747
23	\$71,181,866	\$2,847,275	\$68,334,591	\$63,392,239	\$4,942,352	\$2,471,176	\$71,181,866
24	\$29,800,551	\$1,192,022	\$28,608,529	\$26,539,395	\$2,069,134	\$1,034,567	\$29,800,551
25	\$7,572,012	\$302,880	\$7,269,132	\$6,743,386	\$525,746	\$262,873	\$7,572,012
26	\$23,584,753	\$943,390	\$22,641,363	\$21,003,809	\$1,637,554	\$818,777	\$23,584,753
27	\$10,224,477	\$408,979	\$9,815,498	\$9,105,584	\$709,914	\$354,957	\$10,224,477
28	\$294,091,989	\$11,763,681	\$282,328,308	\$261,908,702	\$20,419,606	\$10,209,803	\$294,091,989
	\$1,191,167,812	\$47,646,715	\$1,143,521,097	\$1,060,815,045	\$82,706,052	\$41,353,026	\$1,191,167,812

#	Board Name	BCY'24 Base Allocation	BCY'24 4% Quality Allocation	Direct Care Allocation	Semi-Fixed Admin/Ops Set Aside	Direct Care (DC) & Variable Admin/Ops	Variable Admin/Ops per Unit	Avg Provider Reimbursement Rate	PSOC based on Historical Trends	System Cost Per Unit	Allocation Target
1	Panhandle	\$18,477,964	\$739,119	\$17,738,845	\$874,087	\$16,864,759	\$1.91	\$28.16	\$4.03	\$26.04	2,481
2	South Plains	\$18,628,841	\$745,154	\$17,883,687.16	\$409,944	\$17,473,743	\$1.77	\$29.49	\$3.60	\$27.66	2,420
3	North Texas	\$8,427,328	\$337,094	\$8,090,233.99	\$494,670	\$7,595,564	\$1.69	\$26.64	\$4.40	\$23.93	1,216
4	North Central	\$77,584,101	\$3,103,365	\$74,480,735.52	\$4,032,581	\$70,448,155	\$3.16	\$36.32	\$5.42	\$34.07	7,923
5	Tarrant County	\$78,588,364	\$3,143,535	\$75,444,828.81	\$3,513,778	\$71,931,051	\$1.63	\$37.27	\$5.12	\$33.78	8,158
6	Dallas County	\$124,697,065	\$4,987,883	\$119,709,182.38	\$2,607,241	\$117,101,941	\$1.34	\$31.98	\$5.18	\$28.14	15,945
7	North East	\$11,917,366	\$476,695	\$11,440,670.96	\$712,991	\$10,727,680	\$1.48	\$23.91	\$4.19	\$21.20	1,939
8	East Texas	\$35,805,916	\$1,432,237	\$34,373,679.05	\$1,218,384	\$33,155,295	\$2.89	\$24.30	\$4.67	\$22.53	5,639
9	West Central	\$12,371,308	\$494,853	\$11,876,455.26	\$834,078	\$11,042,378	\$2.28	\$25.84	\$3.83	\$24.29	1,742
10	Borderplex	\$48,401,588	\$1,936,064	\$46,465,523.74	\$2,722,621	\$43,742,903	\$1.42	\$25.13	\$1.19	\$25.36	6,609
11	Permian Basin	\$19,778,843	\$791,154	\$18,987,688.89	\$613,787	\$18,373,902	\$1.56	\$27.73	\$2.62	\$26.67	2,639
12	Concho Valley	\$5,236,480	\$209,460	\$5,027,020.32	\$363,525	\$4,663,495	\$1.62	\$26.22	\$4.58	\$23.25	768
13	Heart of Texas	\$16,762,176	\$670,488	\$16,091,687.85	\$852,090	\$15,239,598	\$1.61	\$26.97	\$3.80	\$24.77	2,358
14	Capital Area	\$38,136,037	\$1,525,442	\$36,610,594.63	\$2,621,524	\$33,989,071	\$3.47	\$43.29	\$3.87	\$42.89	3,036
15	Rural Capital	\$29,386,558	\$1,175,463	\$28,211,094.57	\$1,919,850	\$26,291,245	\$3.82	\$35.53	\$5.41	\$33.95	2,967
16	Brazos Valley	\$13,133,133	\$525,326	\$12,607,806.64	\$1,392,040	\$11,215,767	\$2.45	\$30.88	\$3.15	\$30.18	1,424
17	Deep East	\$17,508,692	\$700,348	\$16,808,344.43	\$386,995	\$16,421,350	\$1.72	\$25.28	\$3.55	\$23.45	2,683
18	Southeast	\$16,404,530	\$656,182	\$15,748,348.40	\$562,571	\$15,185,778	\$1.83	\$24.15	\$2.35	\$23.63	2,462
19	Golden Crescent	\$7,567,266	\$302,691	\$7,264,574.85	\$362,493	\$6,902,082	\$1.65	\$23.37	\$4.09	\$20.93	1,263
20	Alamo	\$109,230,675	\$4,369,228	\$104,861,447.27	\$2,408,215	\$102,453,232	\$1.66	\$33.32	\$3.27	\$31.71	12,378
21	South Texas	\$19,341,186	\$773,648	\$18,567,537.82	\$1,068,166	\$17,499,372	\$2.13	\$24.77	\$4.36	\$22.54	2,975
22	Coastal Bend	\$27,326,747	\$1,093,070	\$26,233,677.07	\$2,067,569	\$24,166,108	\$2.66	\$30.66	\$4.51	\$28.81	3,214
23	Lower Rio	\$71,181,866	\$2,847,275	\$68,334,591.13	\$1,859,455	\$66,475,136	\$1.53	\$28.49	\$3.66	\$26.36	9,661
24	Cameron	\$29,800,551	\$1,192,023	\$28,608,527.79	\$821,838	\$27,786,690	\$1.24	\$33.76	\$4.17	\$30.84	3,452
25	Texoma	\$7,572,012	\$302,881	\$7,269,130.64	\$351,632	\$6,917,499	\$1.12	\$25.77	\$3.19	\$23.70	1,118
26	Central Texas	\$23,584,754	\$943,391	\$22,641,363	\$1,589,624	\$21,051,739	\$2.01	\$27.21	\$5.15	\$24.07	3,352
27	Middle Rio	\$10,224,477	\$408,980	\$9,815,497	\$786,351	\$9,029,145	\$1.59	\$28.11	\$4.37	\$25.34	1,365
28	Gulf Coast	\$294,091,989	\$11,763,680	\$282,328,309	\$5,374,684	\$276,953,625	\$1.63	\$34.48	\$4.54	\$31.56	33,620
		\$1,191,167,812	\$47,646,729	\$1,143,521,083	\$42,822,783	\$1,100,698,300	\$1.85	\$31.48	\$4.21	\$29.12	144,807