

**Child Care Development Block Grant (CCDBG) COVID-19 Federal Funding
Tenth 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 subsidy child care providers, and to fund a temporary essential
8 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](#) (CRRSA).
12 On February 23, 2021, the Commission approved the [Planned Use of CRRSA Funds Report outlining](#)
13 [possible uses for these funds](#).
14

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

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

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20 TWC’s three-member Commission (Commission) will consider additional investments of these funds.
21 See Attachment 1 for an overview of funding.
22

23 **Issue 1: Technical Assistance for Employer-Supported Child Care – \$12 million**

24 TWC dedicated funding in the Fifth Tranche for new child care providers who are opening a program in
25 conjunction with an employer or consortium of employers to provide care for their employees’ children.
26 However, many employers may require additional technical assistance to ascertain the child care needs of
27 their employees, and to connect with child care providers who would be willing to collaborate to meet
28 their needs.
29

30 TWC can dedicate stimulus funding to provide to entities that can provide technical assistance to
31 employers who are interested in exploring the development of employer site-based child care (site-based
32 includes programs on an employer’s site, as well as near-site child care). Additionally, the technical
33 assistance entities may help employers enhance or develop family-friendly work policies that address
34 workforce child care needs.
35

36 TWC can provide funding for qualified entities to provide technical assistance to employers.
37

38 The private child care providers offering this technical assistance would also be collaborating with
39 employers in an effort to expand their operations. To ensure that TWC is not promoting one child care
40 provider over another, the business will be required to select the entity that they would like to receive
41 technical assistance from. In addition, other entities providing technical assistance that are not affiliated
42 with a child care provider must ensure that employers are making the determination of which child care
43 provider to partner with.
44

- 1 Technical assistance services may include:
- 2 • Conducting an employee needs assessment
 - 3 • Analyzing options for supporting employee needs and providing
 - 4 ○ Recommendations
 - 5 ○ Cost analysis
 - 6 ○ Site selection analysis
 - 7 ○ Business plan development

8
 9 Each employer project is estimated to cost up to \$100,000 and staff project funding approximately 120
 10 projects (1-2 per small Board, 3-5 per medium Board, 8-10 per large Board), totaling up to \$12 million.

11
 12 **Decision Point 1**

13 Staff recommends dedicating \$12 million of stimulus funds for employer child care technical assistance
 14 projects as described above.

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 16 **Issue 2: Modification of Child Care Industry Expansion Initiative – \$84 million**

17 TWC dedicated funding for the Child Care Industry Expansion Initiative (CCEI) in the [Fifth Tranche](#) and
 18 increased funding in the [Ninth Tranche](#) to accommodate the high demand for expansion of child care
 19 capacity in child care deserts, for infant care, and in partnership with employers.

20
 21 The interest level for child care expansion funding remains high. As of February 2, 2023, TWC’s CCEI
 22 vendor have approved 511 applications, increasing child care capacity by over 25,000 seats, including
 23 over 10,000 infant seats, with a start-up and initial operating awards totaling \$89 million.

Expansion Type	Providers Approved
Desert	121
Infant (only)	262
Employer Partnership	128

24
 25
 26 While the application deadline for Infant and Desert expansions passed on December 31, 2022, TWC
 27 continues to accept applications for Employer-Based Partnership. Based on the continued high level of
 28 interest and existing applications in review, staff anticipates eligible applicants to qualify for up to \$219
 29 million. To accommodate this demand, the Commission could consider investing additional stimulus
 30 funding to support more child care providers interested in establishing or expanding child care programs
 31 for onsite or near-site partnerships. An additional \$84 million combined with already approved funding
 32 would support the estimated need.

33
 34 In addition to increasing funding for the CCEI initiative, the Commission could extend the deadline to
 35 expend funds from March 31, 2024, to August 31, 2024. This extension will allow Employer-Based
 36 Partnerships more time to complete complex multi-party projects.

37
 38 **Decision Point 2**

- 39 Staff recommends that the Commission:
- 40 • dedicate an additional \$84 million of stimulus funds for Child Care Capacity-Building awards; and
 - 41 • extend expenditure deadlines as described above.

1 **Issue 3: Early Childhood Education Teacher Pipeline Pilot Project – \$2.7 million**

2 To support more robust early educator pathways, TWC could fund a pilot project with Dallas College, to
3 support more students in their pursuit of post-secondary credentials (CDA, Associate of Arts in Teaching,
4 Bachelor’s Degree in Early Childhood Education and Teaching). Dallas College proposed to design and
5 develop a competency-based online Texas Core Curriculum geared towards the early childhood education
6 workforce.

7
8 Dallas College was the first community college in Texas to implement a four-year bachelor’s degree
9 program in Early Childhood Education and Teaching. Dallas College’s degree program, which received
10 formal approval to launch in 2020, welcomed its first class of students in the fall of 2021 and became the
11 first 2-year Texas institution to offer a bachelor’s degree in education. Dallas College reports that early
12 childhood education students face challenges in successfully completing the 42 credit hours required in
13 “core courses.” Currently, the 14 core courses are not offered in a way that is: 1) competency-based, 2)
14 fully asynchronous, or, 3) focused specifically on upskilling the early childhood workforce.

15
16 TWC can approve \$2.7 million in child care stimulus funds for Dallas College to build upon its
17 experience and use its expertise and insights develop and design a competency-based online Texas Core
18 Curriculum (TCC) aimed towards the Early Childhood Workforce. Funding would also support the
19 development of a comprehensive early childhood work force data system – allowing the North Texas
20 region to stand-up and implement the infrastructure and the information required for industry and
21 employer partners to make actionable and strategic decisions around their workforce. This effort not only
22 makes the bachelor’s degree more attainable to the early childhood education workforce, but also
23 provides multiple on-ramps for students to enter the program and earn stackable credentials. This is
24 achievable due to the programs’ intentional design - where industry recognized credentials are embedded
25 within the four-year program.

26
27 This Project will initially impact 500 early childhood educators, with a goal that by the Fall of 2024, 500
28 new industry recognized credentials (CDA, Associate of Arts in Teaching Degree’s, Bachelor’s Degree in
29 Early Childhood Education and Teaching) will be awarded to early childhood educators employed in
30 Texas Rising Star (TRS)-rated centers. The Project will also include targeted support(s) for 500 rising
31 bachelor’s degree students to meet Texas Success Initiative (TSI) criteria – a required admissions standard
32 for a bachelor’s degree program in Texas which is often a barrier for many students.

33
34 Students that successfully complete each semester will be eligible for tuition waivers and scholarships to
35 cover the standard seventy-nine dollar per semester credit hour tuition rate through Dallas College.
36 Since Dallas College will own the course content – the material developed and funded through the project
37 request will be open sourced and accessible to other institutions across Texas.

38
39 **Decision Point 3**

40 Staff recommends that the Commission approve \$2.7 million for Dallas College to pilot the early
41 childhood education competency-based core curriculum project, as outlined above.

42
43 **Issue 4: Board Strategic Planning for Quality Improvement – \$150,000**

44 Texas Government Code, §2308.317 directs TWC to ensure that to the extent federal CCDF funds are
45 used for quality improvement activities, those funds are used for:

- 46 • Quality child care programs whose director receiving mentoring or that are in the process of
47 obtaining Texas Rising Star certification
- 48 • Technical assistance for child care programs
- 49 • Consumer information on the selection of quality child care, and parent education information
- 50 • Professional development for child care providers, directors and staff

- Educational materials for children served by child care providers
- Educational materials for parents on early childhood development

Boards are also directed to give priority to child care providers who are working towards Texas Rising Star certification or working towards a higher certification level.

State law also provides that Local Workforce Development Boards spend at least two percent of their annual child care allocation on quality improvement initiatives. In consideration of the implementation of HB2607, which makes participation in Texas Rising Star mandatory for Child Care Services providers, TWC increased the Board’s quality set-aside to 4 percent beginning in Board Contract Year 2023.

Annually, Boards must plan for the use of their 4% quality improvement funds and provide quarterly updates to TWC. Boards have wide discretion in designing and implementing initiatives based upon local needs. TWC received input from the House Bill 619 workgroup on the Board’s implementation of quality improvement activities, recommending that “TWC increases standardization between and across Workforce Boards for how to support quality child care.” The Workgroup also reported that Workforce Boards are uniquely positioned to support the recruitment, professional development, and onboarding on new members of the child care workforce, but in many regions, the child care industry has few opportunities to share their specific concerns with their Workforce Board, resulting in Boards that are not well-equipped to support the child care sector in their region.

The Commission can dedicate up to \$52,000 to contract with one or more entities to facilitate a single statewide event providing Board training/technical assistance on how to improve their strategic investment of local quality funding to best meet local needs, including evaluating how Boards consider input from child care providers, a review of the allowable uses of quality improvement funds, and best practices in strategic planning and program design. Topics could include the following:

- Provider and customer awareness and perceptions of child care, early learning, and TWC-funded child care financial assistance
- Best practices:
 - Soliciting child care provider input and setting up feedback loops
 - Data-driven decision-making and defining outcome measures
 - Strategic plan development
- Board Child Care Quality plans and reporting:
 - Allowable uses of CCQ funds
 - Documentation of the Board’s Child Care Quality plan and quarterly expenditures
- Opportunity for Board-specific consultations and peer-to-peer exchanges

To support Board participation in this event, the Commission could dedicate funds for key local staff to participate in the event. Funding could be scaled based on Local Workforce Development Area (LWDA) size as follows:

LWDA #	LWDA Name	Quartile	Size	# Of Staff Participating	Funding Distribution
12	Concho Valley	1	Small	3	\$3,000
25	Texoma	1	Small	3	\$3,000
19	Golden Crescent	1	Small	3	\$3,000
3	North Texas	1	Small	3	\$3,000
27	Middle Rio Grande	1	Small	3	\$3,000
7	Northeast	1	Small	3	\$3,000
16	Brazos Valley	1	Small	3	\$3,000
9	West Central	2	Medium	4	\$3,500
13	Heart of Texas	2	Medium	4	\$3,500
17	Deep East Texas	2	Medium	4	\$3,500
11	Permian Basin	2	Medium	4	\$3,500
1	Panhandle	2	Medium	4	\$3,500
18	Southeast Texas	2	Medium	4	\$3,500
2	South Plains	2	Medium	4	\$3,500
21	South Texas	3	Medium	4	\$3,500
26	Central Texas	3	Medium	4	\$3,500
15	Rural Capital	3	Medium	4	\$3,500
22	Coastal Bend	3	Medium	4	\$3,500
24	Cameron County	3	Medium	4	\$3,500
8	East Texas	3	Medium	4	\$3,500
14	Capital Area	3	Medium	4	\$3,500
10	Borderplex	4	Large	5	\$4,000
23	Lower Rio Grande	4	Large	5	\$4,000
5	Tarrant County	4	Large	5	\$4,000
4	North Central	4	Large	5	\$4,000
20	Alamo	4	Large	5	\$4,000
6	Dallas County	4	Large	5	\$4,000
2	Gulf Coast	4	Large	5	\$4,000
			TOTAL	112	\$98,000

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Decision Point 4

Staff recommends that the Commission approve up to \$150,000 to support Board strategic planning for quality improvement, as outlined above.

Issue 5 – Child Care Program Data Enhancements – \$1.03 million

Texas Labor Code, §302.0043 directs TWC to evaluate the effectiveness of the commission's child care program and to publish a report to the legislature at the beginning of each odd year. The report must detail TWC’s child care programs that help parents who receive subsidized child care to maintain employment and achieve earnings gains. Section 302.0043 also directs TWC to evaluate efforts to improve the training of child care professionals and to report information about the level of quality of child care available through the subsidized child care program.

Since 2019, TWC has published key data points related to TWC’s child care program on [Child Care by the Numbers](#). This website provides a central point for stakeholders to view information about the children and child care providers participating in TWC’s Child Care Services program. Since

1 implementation in 2019, TWC has updated the data set quarterly and has regularly enhanced the data
2 available on the site.

3
4 TWC’s Child Care & Early Learning division in collaboration with the I|3 division could implement an
5 improved Child Care by the Numbers website that provides greater data transparency and supports more
6 robust data analysis for stakeholders. The Commission could dedicate \$1.03 for approximately three
7 contracted full-time equivalents (FTEs) focused on child care data extraction/transformation, analytics,
8 and visualization, funded with child care COVID stimulus funding through FY’24.

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10 **Decision Point 5**

11 Staff recommends that the Commission approve \$1.03 million for approximately three FTEs for the I|3
12 division for FY’23 and FY’24.

13
14 **Issue 6: Discontinuation of the Matching Investments for Child Care Quality
15 Improvement (MICCQI) Initiative and Modification of the Child Care Industry
16 Partnership Program**

17 The Commission approved \$25 million in the [Fourth Tranche](#) for a child care quality improvement
18 matching grant initiative, MICCQI. Similar to the already available [Child Care Industry Partnership
19 \(CCIP\)](#) program, TWC makes matching funds available to support local quality improvement efforts.
20 TWC has received no MICCQI applications. Given the similarity of MICCQI and CCIP, staff
21 recommends

- 22 • retaining CCIP and discontinuing MICCQI.
- 23 • modifying the CCIP parameters on eligible donor partners to allow the CCIP donor match to be
24 derived from any local partner, and not limited to industry partner donors
- 25 • modifying the name of CCIP to the matching Child Care Investments Partnerships

26
27 **Decision Point 6**

28 Staff recommends that the Commission discontinue MICCQI and return \$25 million to the available child
29 care stimulus balance of funds.

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31 **Issue 7: Continuation of Child Care of Business Coaching – \$18 million**

32 On May 4, 2021 the Commission [approved](#) funding to support child care business coaches, and on March
33 8, 2022 the Commission [approved](#) an extension of funding for the continuation of Child Care Business
34 Coaching.

35
36 Business Coaches offer assistance to child care providers on prioritizing Child Care Relief Fund (CCRF)
37 dollars for allowable expenses. Coaches also help providers being monitored for CCRF expenses identify
38 proper documentation. The evaluation partner, Texas Policy Lab, highlights the success of the first year of
39 TWC’s Business Coaching program in their [report](#).

40
41 On September 27, 2022, the Commission [approved](#) extending the time available for providers to expend
42 CCRF awards through November 2023. With this extension in place, providers may need access to
43 business coaching through December 31, 2023, the deadline for submission of the final CCRF report.

44
45 Additionally, business coaching is an integral part of the [Child Care Expansion Initiative](#) (CCEI),
46 [approved](#) by the Commission on February 1, 2022, with an [approved](#) funding increase on September 27,
47 2022. Through the expansion program, newly permitted child care providers are referred to business
48 coaching to support the implementation of their business plans. The final deadline for CCEI applications
49 is November 30, 2023, and new programs may be awarded through January 31, 2024.

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2 In order to continue supporting the child care industry and provide targeted support for stimulus-funded
3 initiatives, the Commission can consider extending these services through September 30, 2024, the
4 funding availability period of the federal stimulus funds.

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6 **Decision Point 7**

7 Staff recommends that the Commission dedicate an additional \$18 million of stimulus funds and
8 extending business coaching services through September 30, 2024.

9
10 **Issue 8: Modification to Pre-K Partnership Expansion Initiative**

11 TWC will not pursue funding \$7,000 for alternative teacher certification. TWC will continue to invest the
12 approved funds for the TWC staff who are supporting the development of the partnerships, as well as the
13 awarding of start-up funding classroom. We are recommending increasing the start-up award from
14 \$20,000 to \$25,000, based on TWC’s determination that these awards are taxable income for the child
15 care provider.

16
17 **Local Education Agencies:**

- 18 • TWC has connected with 352 of 960 local education agencies outreached
 - 19 ○ Connected with 233 of 707 school districts outreached
 - 20 ○ Connected with 119 of 253 charter schools outreached
- 21 • TWC is currently brokering partnerships with 7 school districts and 4 charter schools
- 22 • TWC has assisted in the development of informal partnerships with 9 school districts and 1 charter
23 school

24
25 **Child Care Programs:**

- 26 • TWC has connected with 860 of 1,058 child care programs outreached
- 27 • TWC is currently brokering partnerships with 39 child care programs
- 28 • TWC has assisted in the development of informal partnerships with 14 child care programs

29
30 The TWC Pre-K Partnership team continues to engage with LEAs and child care providers to inform and
31 generate interest in developing formal Pre-K partnerships.

32
33 **Decision Point 8**

34 Staff recommends that the Commission eliminate the alternative teacher certification awards from the
35 PKP program and increase the amount for classroom startup awards from \$20,000 to \$25,000.

36
37 **Issue 9: Increase Funding for Low Income Child Care – \$55,154,579**

38 The Commission can consider investing the remaining available stimulus funding, \$55,154,579, to
39 increase the number of low-income working families receiving child care financial aid (subsidies). Based
40 upon the projected cost of child care in Board Contract Year 2024, \$55,154,579 will support
41 approximately 6,400 additional children per day.

42
43 **Decision Point 9**

44 Staff recommends that the Commission approve \$55,154,579 to increase the number of low-income
45 working families receiving child care financial aid.

46
47 **Issue 10: Authorization for Staff to Fully Utilize Any Remaining Stimulus Funding**

48 The Commission can consider authorizing TWC staff to ensure the full utilization of any balances that
49 remain from all approved stimulus activities. TWC will be authorized to expend any stimulus balances on

1 allowable and approved child care projects, services and activities, in order to ensure the full utilization of
2 the approximately \$5.9 billion awarded to Texas.

3

4 **Decision Point 10**

5 Staff recommends that the Commission authorize TWC staff to manage the full expenditure of child care
6 stimulus funds, as outlined above.

Attachment 1

Project	Date Approved	Funding Level
Essential Worker Child Care	March 24, 2020	\$52,400,000
Enhanced Reimbursement Rate	May 19, 2020 July 28, 2020 August 20, 2020 January 12, 2021	\$207,200,000
FY20 Low-Income Child Care	August 20, 2020	\$17,500,000
FY21 Low-Income Child Care	August 20, 2020	\$33,300,000
<u>First Tranche</u>		
2021 Child Care Relief Funds (up to \$775 million)	May 4, 2021	\$58,000,000
TA/Business Coaches	May 4, 2021	\$15,000,000
<u>Second Tranche</u>		
Service Industry Recovery Child Care (up to \$500 million)	June 29, 2021	\$300,000,000
Texas Rising Star Support	June 29, 2021	\$30,000,000
Texas Rising Star Contracted Slots Pilot	June 29, 2021	\$1,200,000
Training: Early Childhood Apprenticeship Program Development	June 29, 2021	\$3,450,000
TWC Program Administration	June 29, 2021	\$5,678,743
<u>Third Tranche, Third Tranche Modification</u>		
2022 Child Care Relief Funds (<i>increased in the 5th Tranche</i>)	October 19, 2021	\$2,451,931,953
TRS Program Administration	October 19, 2021	\$42,500,000
CCRF Program Monitoring	January 11, 2022	\$20,000,000
<u>Fourth Tranche</u>		
FY22-24 Low Income Child Care	November 2, 2021	\$293,200,000
Matching Grants to Improve Quality	November 2, 2021	\$25,000,000
TWC PreK Partnership Expansion	November 2, 2021	\$26,000,000
Training: Professional Development Scholarship Expansion	November 2, 2021	\$7,000,000
Shared Services Alliances	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
<u>Fifth Tranche</u>		
Outreach/Education Campaigns	February 1, 2022	\$10,000,000
Training: Texas A&M Agri-Life	February 1, 2022	\$8,000,000
Training: HHSC/ECI	February 1, 2022	\$4,545,000
Training: Skills for Small Business/Child Care	February 1, 2022	\$1,000,000
2022 CCRF Increase (<i>bringing total to \$3.45 billion</i>)	February 1, 2022	\$1,000,000,000
Child Care Industry Expansion	February 1, 2022	\$75,000,000
<u>Sixth Tranche</u>		
Child Care Regulation IT Enhancements	March 8, 2022	\$10,700,000
Child Care Business Coaching, extension	March 8, 2022	\$15,000,000
Cost of Quality Calculator Online Tool	March 8, 2022	\$500,000

<u>Seventh Tranche</u>		
FY'22-24 Low Income Child Care	March 22, 2022	\$314,750,000
<u>Eighth Tranche</u>		
TEA Pre-K Partnerships		\$2,400,000
<u>Ninth Tranche</u>		
Prospective Payments for CCS Providers	September 27, 2022	\$50,000,000
Child Care Industry Expansion Increase	September 27, 2022	\$75,000,000
Engage Platform and TECPDS Enhancements	September 27, 2022	\$2,500,000
Additional CCRF Payment for CCS Providers	September 27, 2022	\$500,000,000
Tenth Tranche (this Discussion Paper)		
Technical Assistance for Employer-Supported Child Care		\$12,000,000
Modification of Child Care Industry Expansion Initiative		\$84,000,000
Early Childhood Education Teacher Pipeline Pilot Project		\$2,700,000
Board Strategic Planning for Quality Improvement		\$150,000
Child Care Program Data Enhancements		\$1,030,000
Discontinuation of MICCQI Matching Initiative (4th Tranche)		(\$25,000,000)
Continuation of Child Care of Business Coaching		\$18,000,000
Low-Income Child Care, FY'24		\$55,154,579

Total Approved	\$5,935,150,515
Remaining Balance	\$0