

# Child Care Development Block Grant (CCDBG) COVID-19 Federal Funding Ninth 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:

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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.

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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

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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 **Issue 1: Prospective Payments for CCS Providers – est. \$50 million**

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24 The Commission’s proposed amendments to [Ch. 809 Child Care Rules](#) include a change in how TWC’s  
25 Child Care Services (CCS) providers are paid, in order to better reflect private-pay payment practices.  
26 The proposed rule amendments include moving to a two-week prospective payment (to be effective in  
27 Board Contract Year 2024, when TWC implements the new Child Care Case Management System).

28  
29 Prospective payments align with private pay standards whereby providers are paid in advance of child  
30 care services being rendered. TWC currently pays based on a child’s referral, therefore a provider  
31 receives payment regardless of a child’s attendance (children can be terminated from care for excessive  
32 absences). Paying prospectively will not impact the amount of the reimbursement; it will impact the  
33 timing of when the provider receives the reimbursement.

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35 The Commission will need to consider the one-time cost of modifying child care payment cycles. TWC  
36 staff estimates that \$50 million in one-time stimulus funds will provide sufficient funding.

## 37 **Decision Point 1**

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39 Staff recommends that the Commission budget funding to implement child care prospective payments,  
40 estimated to cost \$50 million, conditioned upon the Commission’s final adoption of the amendments to  
41 Ch. 809 Child Care Rules.

42  
43

1 **Issue 2: Child Care Industry Expansion, Capacity-Building Awards Increase - \$75**  
2 **million**

- 3 On February 1, 2022, the Commission [approved](#) \$75 million for child care supply-building activities for:  
4 • Capacity Building Awards including Capacity-Building Awards for Child Care Deserts, Increased  
5 Infant Capacity, and Employer Site-Based Child Care.  
6 • Child Care Regulation (CCR) Navigators  
7 • Board Child Care Industry Support  
8

9 Currently, the funding is distributed between these three efforts as follows:

Project	Amount
Capacity-Building Awards	\$40,000,000
Child Care Regulation Navigators	\$1,000,000
Board Child Care Industry Support	\$11,000,000 (estimated)
Total	\$53,000,000
Remaining Balance of \$75 Million	\$23,000,000

10  
11 Based on initial expectations of interest in the Capacity-Building Initiative TWC contracted with a 3rd  
12 party to review applications for up to 250 interested child care providers and provide additional support  
13 (including individualized coaching sessions) for up to 175 eligible child care providers. Through the  
14 existing contract, up to 175 eligible providers may be funded on a rolling basis.  
15

16 As of July 26, 2022, before the online application for the Capacity Building Initiative had officially  
17 launched, more than 1,400 individuals had formally expressed interest in the Initiative, with over 1,000  
18 stating they are interested in applying. And, as of August 22, 2022, 901 online applications have been  
19 initiated and 141 have been formally submitted.  
20

21 Considering this level of interest, the Commission could consider investing additional stimulus funding to  
22 support more child care providers interested in establishing or expanding child care programs. Of the  
23 already approved funds, approximately \$23 million is available to increase the current contract. Based on  
24 an analysis of interest forms submitted and funds needed to vet and fund eligible applications, staff  
25 estimates that \$75 million in additional one-time stimulus funds will provide sufficient funding to expand  
26 the Initiative and fund all applications that we anticipate receiving before the application deadline.  
27

28 Staff also recommends that the Commission extend the application for employer partnership applications.  
29 New child care programs that are developed in partnership with an employer take longer to develop. In  
30 order to provide sufficient time for this model, staff recommends extending the application deadline to  
31 November 30, 2023, and requiring funds to be expended by March 31, 2024. The application deadline for  
32 the other two models (deserts and infants) will remain December 31, 2022.  
33

34 Additionally, staff recommends that the Commission extend the deadline to expend funds from August  
35 31, 2023, to March 31, 2024, for all awards.  
36

37 **Decision Point 2**

- 38 Staff recommends that the Commission:  
39 • dedicate an additional \$75 million for Child Care Capacity-Building awards;  
40 • follow the distribution methodology approved February 1, 2022; and  
41 • extend application and expenditure deadlines as described above.

### 1 **Issue 3: Engage Platform and TECPDS Enhancements – \$2.5 million**

2 In partnership with TWC, the Children’s Learning Institute (CLI) at the University of Texas Health  
3 Science Center, has managed the Texas Early Childhood Professional Development System (TECPDS) as  
4 a career development tool for early childhood professionals in Texas since 2013. TECPDS houses both  
5 the Texas Trainer Registry and Texas Workforce Registry to support early childhood practitioners,  
6 administrators, and specialists at all levels. TECPDS also provides resources for early childhood  
7 professionals, including the state’s core competencies, career pathway reports, certificate generation, and  
8 professional development planning. CLI also works in partnership with TWC to support Texas Rising  
9 Star through the Engage online system.

#### 10 *TECPDS Usability Study*

11 Usage of TECPDS has significantly increased over the last two years, and with that growth, staff has  
12 collected more user feedback. Input from early childhood professionals in the field as well as the HB 619  
13 workgroup indicates that the impact of the system and the quality of data collected would greatly benefit  
14 from a formal usability study that identifies areas for improvement and provides actionable  
15 recommendations. The Commission could dedicate funding to support a usability study and report which  
16 could be undertaken via a Department of Information Resources (DIR) Cooperative Contract.

17 Additionally, CLI is also hiring a User Experience (UX) Designer and they are pursuing the National  
18 Workforce Registry Association’s recognition for high-quality state registries for the early childhood  
19 workforce.

#### 20 *Early Childhood Educator Career Pathways*

21 The [Texas Early Childhood Career Pathway](#), developed by Texas Early Learning Council, published in  
22 2012, and posted on the TECPDS website, outlines education, professional development and experience  
23 requirements necessary for an early childhood educator to move up the career pathway. However, this  
24 framework has not been updated in a decade.

25  
26 The Commission could dedicate stimulus funding to allow CLI to conduct a review of the [Texas Early  
27 Childhood Career Pathway](#) and update the state’s early childhood core competencies and career pathways  
28 framework. The current career pathway focuses on professionals in school-based roles that follow  
29 traditional pathways (additional education, work experience, etc.). Updating the career pathway  
30 framework will consider new early childhood roles (for example, infant and toddler specialists) and will  
31 consider multiple pathways that lead to increased competency, careers, and quality experiences for young  
32 children (career changes, apprenticeships, micro-credentials, etc.).

#### 33 *Enhanced Mentor Supports and CQIP Improvements*

34 With the most recent Texas Rising Star four-year review, participating providers are required to have a  
35 Continuous Quality Improvement Plan (CQIP) in place to support goal-based, intentional program  
36 improvement. Staff have identified multiple enhancements to increase the use and value of CQIPs  
37 including the following:

- 38 • Technology support for using the CQIP Tool in Engage
- 39 • Fidelity monitoring and performance measurement of CQIP implementation
- 40 • Design enhancements identified through user feedback and fidelity monitoring
- 41 • Development and delivery of additional training and support materials
- 42 • Development of teacher-level action plans and reports

#### 43 *Digital Resource Collection Enhancements*

44 The Digital Resource Collection (DRC) was designed as a repository that houses a wide array of tools and  
45 resources for child care programs. CLI will enhance the DRC to provide improved search capabilities and

1 greater implementation support, particularly for new CCS providers who will be joining Texas Rising Star  
2 with Entry-Level designations.

3 *Onboarding Texas Rising Star Entry-Level Providers*

4 To support implementation of HB 2607 that requires a new entry-level rating for all CCS providers, CLI  
5 plans update the Texas Rising Star assessment application. The new entry-level rating for Texas Rising  
6 Star will necessitate technical onboarding of approximately 4,000 CCS providers to CLI Engage within  
7 the next two years. This will require a coordinated effort to set up these programs in the Texas Rising Star  
8 assessment application on CLI Engage. CLI's team of client support analysts will support the process of  
9 setting up these providers on CLI Engage and educating them on the resources available on the platform.

10 *Supporting Centralized Assessment through Improved Dashboard Reporting*

11 To support implementation of centralized assessors, CLI will develop a dashboard view that shows the  
12 status of each provider (as well as an aggregated view across all programs) along the progress of pre-  
13 assessment steps. The dashboard will be designed to support communication and coordination between  
14 assessment and mentoring staff.

15 **Decision Point 3**

16 Staff recommends that the Commission approve \$2.5 million for the Children's Learning Institute to  
17 make system improvements and to increase resources available to Texas Rising Star staff and providers as  
18 described above.

19  
20 **Issue 4: Child Care Relief Fund Modification to update Deserts and Texas Rising**  
21 **Star Status**

22 TWC previously approved funding for the 2022 Child Care Relief Fund (CCRF) using COVID stimulus  
23 funds. Provider award amounts were based on providers' status as of December 31, 2021. Since that time,  
24 TWC received updated child care desert data from the state demographer which increases the number of  
25 areas in the state that are considered deserts, making more than 900 additional providers eligible for  
26 increased funding. In addition, TWC and the Boards have been implementing the changes to the Texas  
27 Rising Star measures. The timeline for local re-assessments of current Texas Rising Star providers has  
28 varied from workforce area to workforce area.

29 *Current Texas Rising Star Providers*

30 In order to consider a provider's potential increased certification level under the new Texas Rising Star  
31 measures, staff recommends that the Commission consider a provider's status following their re-  
32 assessment under the new Texas Rising Star guidelines.

33  
34 *New Texas Rising Star Providers*

35 Staff also recommends that the CCRF amount consider new Texas Rising Star certifications. Rather than  
36 looking at historical data as of December 31<sup>st</sup>, staff recommends that new Texas Rising Star programs  
37 (those who submitted an interest form no later than May 31, 2022, which aligns with the last data a  
38 provider could submit their 2022 CCRF application) also received an enhanced CCRF amount, in order to  
39 support their higher levels of quality.

40  
41 *Child Care Deserts*

42 Finally, the Commission can make adjustments to approved award amounts to increase the awards for  
43 newly identified child care deserts, based on updated data TWC received from the state demographer.

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1 **Decision Point 4**

2 Staff recommends adjusting 2022 CCRF award amounts, using prior approved and available stimulus  
3 funds:

- 4 • for existing Texas Rising Star Two- and Three-Star providers, whose reassessment increased their  
5 rating (*Reassessment must be completed by October 31, 2022*);for new Texas Rising Star certified  
6 providers (*Provider must have submitted an interest form by May 31, 2022*); and
- 7 • for providers in newly identified child care deserts, based on updated data from the state  
8 demographer.

9  
10 Staff also recommends extending the time available for providers to expend funds through November  
11 2023.

12  
13 **Issue 5: Additional CCRF Payment for CCS Providers - \$500,000,000**

14 House Bill 2607 (87th Texas Legislature, Regular Session) requires that all CCS providers participate in  
15 Texas Rising Star, attaining Texas Rising Star certification by September 30, 2024. This additional  
16 financial support could help support CCS providers through this transition, improving their quality of  
17 care, and assist in ensuring that TWC maintains a supply of quality child care for families receiving child  
18 care assistance.

19 The Commission could consider providing an additional one-time CCRF payment for current CCS  
20 providers who are receiving the 2022 CCRF. Current CCS is defined as a provider who has had a CCS  
21 referral within the past 18 months (6/1/21 through 5/31/22). The 5<sup>th</sup> award payment will be based upon  
22 the prior approved methodology, as modified in this Discussion Paper under Issue 4, for the quarterly  
23 payment amount. Staff estimates this will support approximately 6,230 child care providers.

24 **Decision Point 5**

25 Staff recommends adjusting current CCS providers' CCRF amounts, providing a 5<sup>th</sup> quarterly installment  
26 payment, as outlined above.

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
<b><u>First Tranche</u></b>		
2021 Child Care Relief Funds (up to \$775 million)	May 4, 2021	\$583,000,000
TA/Business Coaches	May 4, 2021	\$15,000,000
<b><u>Second Tranche</u></b>		
Service Industry Recovery Child Care (up to \$500 million)	June 29, 2021	\$136,000,000
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
<b><u>Third Tranche, Third Tranche Modification, Ninth Tranche Modification</u></b> (this Discussion Paper)		
2022 Child Care Relief Funds (increased in the 5 <sup>th</sup> & 9 <sup>th</sup> Tranche)	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
<b><u>Fourth Tranche</u></b>		
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	\$1,602,500
FY22 CCS Provider Enrollment/Growth Support (up to \$287 million)	November 2, 2021	\$189,000,000
<b><u>Fifth Tranche</u></b>		
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 (\$1 billion additional approved, bringing total to \$3.45 billion; est. need of \$600k based on applications received)	February 1, 2022	\$600,000,000
Child Care Industry Expansion (increased in the 9 <sup>th</sup> Tranche)	February 1, 2022	\$75,000,000
<b><u>Sixth Tranche</u></b>		
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

<b><u>Seventh Tranche</u></b>		
FY22-24 Low Income Child Care	March 22, 2022	\$314,750,000
<b><u>Eighth Tranche</u></b>		
TEA Pre-K Partnerships	April 18, 2022	\$2,400,000
<b>Ninth Tranche (this Discussion Paper)</b>		
CCS Prospective Payments	TBD Sept. 27, 2022	\$50,000,000
Child Care Industry Expansion	TBD Sept. 27, 2022	\$60,000,000
TECPDS and Engage Enhancements	TBD Sept. 27, 2022	\$ 2,500,000
2022 CCRF 5 <sup>th</sup> Quarterly Payment for CCS Providers	TBD Sept. 27, 2022	\$500,000,000
<b>Total Approved</b>		<b>\$ 5,835,358,196</b>
<b>Remaining Balance</b>		<b>\$ 99,792,319</b>