

TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 18-18, Change 2
Date:	October 26, 2022
Keyword:	Child Care
Effective:	Immediately

To: Local Workforce Development Board Executive Directors
Commission Executive Offices
Integrated Service Area Managers

From: Reagan Miller, Child Care & Early Learning Division

Subject: Using the Child Care Formula Grant Award for Quality Improvement
Activities—Update

PURPOSE:

The purpose of the Workforce Development (WD) Letter is to provide Local Workforce Development Boards (Boards) with guidance on using the Child Care Formula (CCF) grant award to pay for quality improvement activities.

RESCISSIONS:

WD Letter 18-18, Change 1

BACKGROUND:

On February 9, 2018, the Bipartisan Budget Act of 2018 (Act) was enacted. The Act included a historic funding increase in the Child Care and Development Fund (CCDF) through the Child Care and Development Block Grant. The increased funding supports greater investments in quality improvement initiatives as well as direct child care services for eligible families.

Because of the Act's increase in CCDF funding and the resulting increase in local workforce development area (workforce area) allocations, the 2 percent allocation that Boards are required to set aside for quality improvement activities increased for Board Contract Year 2019. The Texas Workforce Commission (TWC) also provided an additional \$7 million to Boards for quality improvement activities and increased the staffing budget for Texas Rising Star mentors and assessors by \$6.5 million.

TWC awards the following child care grants to Boards:

- Child Care Formula (CCF)—primarily for costs related to direct child care services and for Board administration and operation
- Child Care Match (CCM)—for local match agreements
- Child Care Quality (CCQ)—to provide Boards with funding, as required under the following:
 - Texas Government Code §2308.317(c), which requires the Board to use at least 2 percent of its yearly allocation for quality improvement initiatives

- Texas Government Code §2308.3155, which requires TWC to provide funding to each Board to hire Texas Rising Star mentor and assessor staff

In addition to the CCF grant award being the primary funding source for direct child care services and Board administration and operation, it is the primary basis for establishing Board performance targets for the number of children served. However, Boards may use CCF funds to pay for quality improvement activities unrelated to Texas Rising Star personnel, as long as the Board is meeting its performance targets and has already spent the full amount of its CCQ grant award.

Given the CCF award's primary purpose, reserving it for direct child care services and Board administration and operation to the greatest extent possible may encourage consistency in CCF expenditures and performance target setting.

PROCEDURES:

No Local Flexibility (NLF): This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by “must.”

Local Flexibility (LF): This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by “may” or “recommend.”

NLF: Boards must obtain prior approval from TWC to spend CCF funds on quality improvement activities.

NLF: Boards must be aware that approval from TWC is contingent on the Board:

- meeting planned performance targets as determined by the most recent monthly performance report available at the time that the Board submits a request; and
- describing in the request both the planned activities and how they will meet the needs of the workforce area and the planned amount to be used for quality improvement activities.

NLF: Boards must first charge all quality improvement expenditures resulting from a local match against their CCQ grants. When the CCQ grant is fully obligated, Boards may request approval from TWC to charge the expenditures against their CCF grant.

NLF: To request TWC approval to spend CCF funds on or obligate them for quality improvement activities, Boards must submit the [Workforce Grants and Contracts—Contract Action Request \(CAR\)](#) request form to the Board's assigned TWC grant manager by email to CAR@twc.texas.gov. Boards will receive an email by the next business day confirming that the request was received and will receive an email within 14 days stating whether the request is approved or denied, or whether additional information or negotiation is required.

NLF: Boards must be aware that the full CCM grant amount is included in performance target setting. Boards may charge expenditures for quality improvement activities against CCM grants, provided that they can afford to do so while still meeting direct care performance targets.

INQUIRIES:

Send inquiries regarding this WD Letter to childcare.programassistance@twc.texas.gov.

ATTACHMENTS:

Attachment 1: Revisions to WD Letter 18-18, Change 1, Shown in Track Changes

REFERENCES:

Texas Government Code §2308.3155

Texas Government Code §2308.317(c)

Texas Workforce Commission Chapter 809 Child Care Services Rules