

Child Care and Development Fund

Discussion Paper for the State Plan for Fiscal Years 2025-2027

Background

The Texas Workforce Commission’s (TWC) Child Care and Development Fund (CCDF) State Plan (Plan) describes the Child Care and Development Fund (CCDF) program to be administered by Texas from October 1, 2025, to September 30, 2027, based upon the approved and available Texas allotment of CCDF funding.

The CCDF State Plan is the primary means by which the Administration for Children and Families (ACF) determines state and territory compliance with the requirements of the Child Care and Development Block Grant Act of 2014 (CCDBG) and the new CCDF Final Rule published March 1, 2024.

The Child Care and Early Learning (CC&EL) Division completed the following key activities in the development of the Draft CCDF State Plan:

- Stakeholder input in the development of the CCDF State Plan–January 2024 through February 28, 2024
- TWC consulted with the Texas Early Learning Council in an open public meeting on January 19, 2024, and solicited stakeholder input.
- TWC conducted a [Stakeholder Survey](#) in January – February and received 5,481 responses from child care providers, parents, Boards, and early childhood advocates.
- TWC conducted 5 in-person regional stakeholder meetings across the state and conducted 1 virtual meeting in February 2024.
- TWC continues to solicit stakeholder input on the [TWC Child Care & Early Learning Services](#) webpage.

CC&EL anticipates the following future activities and milestones leading to the submission of the Plan no later than June 30, 2024:

- Commission approval of a Draft CCDF State Plan – Tuesday April 16, 2024
- [Post Draft CCDF Plan](#) for public comment: Wednesday April 17, 2024, through Friday May 6, 2024
- Virtual public hearing – CC&EL will conduct a public hearing on Tuesday, May 6, 2024, at 6:00 p.m. CST. This hearing will be held virtually to allow statewide participation.
- Commission approval of Final CCDF State Plan – June 2024
- CCDF State Plan Effective Date – October 1, 2024

Issue

While much of the CCDF State Plan reflects the state’s existing structure and policies for the administration of CCDF, states also use the State Plan to focus on changes made by the CCDF Rule for the upcoming three years. Attachment 1 outlines each CCDF State Plan section and highlights significant changes and issues within each.

Decision Point

Staff recommends that the Commission approve the draft CCDF State Plan for public comment.

The Draft CCDF State Plan sections for 2025-2027 and key updates to Texas' plan are described below.

1. CCDF Program Administration

No significant changes.

2. Child and Family Eligibility and Enrollment and Continuity of Care

In July 2024, TWC will implement a new statewide, online application for parents applying for child care services – Texas Child Care Connection (TX3C). TX3C allows parents to step through a mobile-friendly, plain language application and upload their eligibility documents. Completed applications are queued up in the case management system and assigned to the case worker responsible for determining eligibility. TWC policy requires that Boards must ensure that verification of eligibility is completed within 20 calendar days of receipt of a parent's completed application with documentation.

3. Child Care Affordability

In July 2024, TWC will launch the new TX3C case management system, and at the same time will implement a new Parent Share of Cost (PSoC) statewide policy that caps PSoC at 7 percent for families with one child, and caps PSoC at 13 percent for families with more than one child. TWC estimates that only 5 percent of CCS families will pay more than 7 percent in their PSoC.

Based on the new CCDF Final Regulations, TWC will amend the Child Care Services rules to cap all PSoC amounts at 7 percent, regardless of the number of children in care. This change is expected to be in effect in October 2024.

4. Parental Choice, Equal Access, Payment Rates, and Payment Practices

Improving Support for Children with Disabilities

TWC is exploring enhancements to TX3C to analyze children with disabilities that remain on waiting lists due to supply challenges.

TWC is partnering with Texas Health & Human Services Early Childhood Intervention to provide training on developmental learning strategies, early brain development, and inclusion to child care providers; training and supporting child care providers on screening for developmental delays; and building the capacity of Early Childhood Intervention personnel to support social-emotional wellness.

Payment Practices to Providers

In July 2024, TWC will launch the new TX3C case management system, and at the same time will implement prospective payments.

1 Child Care Expansion Initiative

2 Based on the success of the stimulus-funded Child Care Expansion Initiative (CCEI)
3 initiative and stakeholder input, TWC will competitively procure an entity to administer a
4 new Child Care Expansion Initiative (CCEI) in FY'25. The renewed initiative will focus
5 on capacity expansion in

- 6 • child care deserts; and,
- 7 • for employer site-based expansion

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9 **5. Health and Safety of Child Care**

10 No significant changes.

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12 **6. Support for a Skilled, Qualified, and Compensated Child Care Workforce**

13 TWC will continue to invest in efforts that support the child care workforce, as outlined
14 in TWC's [Child Care Workforce Strategic Plan 2023-2025](#).

15
16 TWC will also continue to support efforts to increase the number of Registered
17 Apprenticeship Programs (RAP) for early childhood educators. And TWC will continue
18 to invest in professional development scholarships for early childhood educators who are
19 pursuing a CDA, associate degree, bachelor's degree, or receiving training through a
20 RAP.

21 **7. Quality Improvement Activities**

22 Child Care Navigators

23 TWC will continue funding Child Care Navigators at HHSC Child Care Regulation
24 to increase high-quality child care provider access in Texas.

25
26 Statewide Family Child Care Network

27 TWC will fund a new statewide Family Child Care Network to support child care
28 capacity expansion, parent choice, and high-quality.

29
30 Pre-K Partnerships

31 TWC supports a Pre-k Partnership (PKP) program to assist Texas Rising Star
32 programs with a three-star certification or higher to establish PKPs with local
33 school districts and charter schools. The bill also requires TWC also collaborates to
34 continue its collaboration with TEA to develop joint strategies to expand the
35 availability development of PKPs throughout the state.

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37 **8. Lead Agency Coordination and Partnership to Support Service Delivery**

38 No significant changes.

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40 **9. Family Outreach and Consumer Education**

41 No significant changes.

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10. Program Integrity and Accountability

Improved Accountability

Boards use the new TX3C Integrity Central application to proactively identify key indicators that suggest potential program violations of TWC’s attendance tracking policies. While TWC policy requires Boards to reimburse providers based on enrollment authorization (with the exception of relative providers), anomalies in attendance tracking can reveal both intentional and unintentional program violations related to parents’ requirements to meet TWC attendance standards. Investigation of Integrity Central indicators may result in fact-finding by the Board. If fraud is substantiated, the provider or parent responsible is subject to recoupment of funds authorized based on fraudulent information.