TEXAS WORKFORCE COMMISSION
Workforce Development Letter

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

From: Reagan Miller, Director, Division of Child Care & Early Learning

Subject: Child Care Quality Funds Report and Implementation and Expenditure Plan

PURPOSE:
The purpose of this WD Letter is to provide information and guidance to Local Workforce Development Boards (Boards) on planning and reporting requirements for non-direct care Child Care Quality funds.

RESCISSIONS:
None

BACKGROUND:
Code of Federal Regulations (CFR) §98.50(b)(1) of the Child Care and Development Fund (CCDF) regulations requires states to spend at least 9 percent of their total CCDF expenditures in Fiscal Year 2020 (FY’20) and each succeeding fiscal year for activities designed to improve the quality of child care services. Additionally, CCDF requires states to spend at least 3 percent of their total funds to improve the quality of care for infants and toddlers.

Section 98.53(a) requires that states use these funds to improve the quality of child care services for all children in the following reportable categories:

1. Support the training, professional development, and postsecondary education of the child care workforce (as described in Section 6 of the CCDF Plan).
2. Improve the development or implementation of early learning and development guidelines (as described in Section 6 of the CCDF Plan).
3. Develop, implement, or enhance a quality rating and improvement system for child care providers.
4. Improve the supply and quality of child care for infants and toddlers.
5. Establish or expand a statewide system of child care resource and referral services.
6. Support compliance with state or territory requirements for licensing, inspection, monitoring, training, and health and safety.
7. Evaluate the quality of child care programs in the state or territory, including how programs positively impact children.
8. Support providers in the voluntary pursuit of accreditation.
9. Support the development or adoption of high-quality program standards related to health, mental health, nutrition, physical activity, and physical development.

10. Carry out other activities to improve the quality of child care services supported by outcome measures that improve provider preparedness, child safety, child well-being, or kindergarten entry.

Additionally, CFR §98.53(f) requires states to annually prepare and submit a quality progress and expenditure report (QPR). The purpose of the annual QPR is to show Texas’ progress on improving the quality of child care programs and services for children. The QPR is organized according to 10 allowable activities for the use of quality funds.

The Texas Workforce Commission (TWC) is required to submit the QPR (ACF-218) by December 31 of each year. The report must include estimates of both state and local quality-related expenditures.

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” or “shall.”

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.”

Planning Requirements

NLF: Boards must complete the Child Care Quality Implementation and Expenditure Plan (Attachment 3), which describes how the Board intends to expend the current fiscal year’s Child Care Quality (CCQ) funds, as well as any Child Care Certified Local Match (CCM) funds that the Board will dedicate to support quality. For the FY’20 plan, Boards must submit the plan within 75 days of the grant award. Beginning with the FY’21 plan, Boards must submit within 30 days of the grant award.

NLF: Boards must be aware that while they may dedicate CCM to funds to support quality improvement activities, TWC assigns performance targets to 100 percent of CCM funds, and Boards are responsible for meeting those targets.

NLF: Boards must not include funds that are used for:

- reimbursement for direct child care services;
- increased reimbursement rates; or
- tiered reimbursement rates for Texas Rising Star programs.

Reporting Requirements

NLF: Boards must submit an end-of-year report by November 30 of each year describing how the Board used its CCQ, CCM, and CCF funds to support quality activities. The report must include the estimated expenditures of each Board’s Board Contract Year–allocated
Child Care funds using the Child Care Quality End-of-Year Report.

**NLF:** Boards must be aware that TWC has reduced the list of reportable categories for Board quality expenditures based on quality activities that occur at the local level.

**NLF:** Boards must designate all estimated expenditures using the following seven categories:

1. **Training and Professional Development,** which includes any costs associated with any training, professional development, and/or postsecondary education opportunities provided to child care provider staff that do not include infant- and toddler-specific training.
2. **Tiered Quality Rating and Improvement System (QRIS),** which includes any costs associated with Texas Rising Star recognition, maintenance, and mentor and assessor staff.
3. **Infant and Toddler Quality Improvements,** which includes any costs associated with specifically addressing infant and toddler program establishment or expansion, infant and toddler training, early intervention partnerships, or infant and toddler materials.
4. **Supporting Health and Safety,** which includes any costs associated with assisting early learning programs in maintaining child care licensing compliance or providing high-quality health and safety provisions that do not include activities specific to infant and toddlers.
5. **Evaluating Quality,** which includes any costs associated with the purchase of assessment tools that measure effective practices or child development, training staff to implement these tools, or formal evaluation studies of quality efforts, which require the submission of an evaluation report to TWC.
6. **Supporting National Accreditation,** which includes any costs associated with assisting early learning programs in obtaining or maintaining national accreditation (for example, fees and materials)
7. **Other Activities,** which includes costs limited to shared services.

**NLF:** Boards must not double-report across categories any expenditure that covers multiple categories; however, such expenditures may be split across categories.

**NLF:** Boards also must continue to submit information on quality activities as required within the CCDF Quality Improvement Non-Direct Care Activities Quarterly Report template, also known as the CCQ Quarterly Report. The report has been revised to align activity categories with the seven federal categories defined above.

**NLF:** Boards must ensure that the funds spent on shared services are reported in accordance with WD Letter 11-19, issued May 15, 2019, and titled “Using Child Care Quality Funds to Purchase Shared Services and/or Back-Office Solutions for Providers,” and reported as required, in addition to being reported under the topic Other Activities.

**INQUIRIES:**
Send inquiries regarding this WD Letter to childcare.programassistance@twc.state.tx.us.
ATTACHMENTS:
Attachment 1: Allowable Child Care Quality Activities
Attachment 2: Child Care Quality End-of-Year Report
Attachment 3: Child Care Quality Implementation and Expenditure Plan
Attachment 4: Quality Improvement Non-direct Care Activities Quarterly Report

REFERENCES:
Child Care and Development Fund, 45 CFR §98.50(b)(1) and §98.53(a) and (f)
WD Letter 11-19, issued May 15, 2019, and titled “Using Child Care Quality Funds to Purchase Shared Services and/or Back-Office Solutions for Providers”