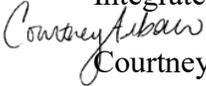


**TEXAS WORKFORCE COMMISSION**  
**Workforce Development Letter**

<b>ID/No:</b>	WD 11-19, Change 1
<b>Date:</b>	June 18, 2019
<b>Keyword:</b>	Child Care
<b>Effective:</b>	Immediately

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

**From:**  Courtney Arbour, Director, Workforce Development Division

**Subject:** **Using Child Care Quality Funds to Purchase Shared Services and/or Back-Office Solutions for Providers—Update**

---

**PURPOSE:**

The purpose of this updated WD Letter is to provide information and guidance to Local Workforce Development Boards (Boards) on the allowable uses of the Child Care Quality (CCQ) funds allocated to purchase shared services and/or back-office solutions for child care providers.

**RESCISSIONS:**

WD Letter 11-19

**BACKGROUND:**

Section 98.50(b)(1) of the Child Care and Development Fund (CCDF) regulations requires states to spend at least 8 percent of their total CCDF expenditures in Fiscal Year 2018 (FY'18) and FY'19 and 9 percent in FY'20 and each succeeding fiscal year for activities designed to improve the quality of child care services.

Additionally, CCDF regulations emphasize the need for states to use their quality improvement funds to help child care providers enhance their business practices and operations as well as their services.

On February 26, 2019, the Texas Workforce Commission's (TWC) three-member Commission approved a onetime investment of \$750,000 in CCDF quality funds to be used to implement shared services and/or back-office solutions for Texas Rising Star (TRS)-certified child care providers and to evaluate the effectiveness of the shared services and/or back-office solutions.

Each Board received a distribution of \$7,500 as a base amount, with the remainder of the funding being based on each Board's percentage of TRS providers statewide.

## **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.”

### **Allowable Uses of Funds**

**NLF:** Boards must ensure that the funds are spent on the following:

- Software licenses or subscription fees for solutions that support sound business practices and promote management efficiencies for TRS-certified child care providers. Features may include the following:
  - Billing and tuition management
  - Enrollment management
  - Parent communication
  - Record keeping
  - Financial reporting
  - Business templates
  - Shared bulk purchasing
- Technical assistance and training to support the implementation of shared services and/or back-office solutions for TRS-certified child care providers.

**LF:** Boards may purchase licenses in bulk or pay subscription fees on behalf of providers. Alternatively, Boards may distribute funds directly to providers to purchase solutions that meet the requirements on allowable uses listed above.

**LF:** Boards may use funds to purchase the basic technology required to use shared services and/or back-office solutions.

**NLF:** Boards that purchase basic technology must request prior approval from TWC. Additionally, Boards that purchase basic technology must include information on the technology purchased and the cost of the technology, for each eligible provider, in the Board’s Shared Services Solutions Quarterly Report.

**NLF:** Boards must be aware that the funding is intended to be used as seed money to help providers purchase and implement the shared services and/or back-office solutions and to evaluate the effectiveness of the solutions.

**NLF:** Boards must not:

- purchase add-on components for a provider with an established solution, unless this purchase is part of a comprehensive approach that includes the provision of technical assistance;
- purchase a different solution for a provider when one is already in place, unless this

purchase is part of a comprehensive approach that includes the provision of technical assistance; or

- reimburse a provider for a previously acquired solution.

**LF:** Boards may use funds to support a comprehensive approach to shared services for all TRS-certified providers or providers who are working toward a TRS certification, which includes the provision of technical assistance to support a child care provider’s robust use of shared services solutions. If a Board implements a comprehensive approach in which the Board purchases the same solution for all eligible providers and provides ongoing technical assistance, the Board may purchase the solution regardless of whether an eligible provider has an existing system in place.

**LF:** Boards may request that TWC consider waivers of these parameters.

**NLF:** If a Board requests that TWC consider waivers of the parameters noted above, the Board must explain how the waiver would support the improvement of eligible child care provider business practices.

### **Reporting Requirements**

**NLF:** Boards must ensure that expenditures associated with the funds are coded in the Cash Draw and Expenditure Reporting (CDER) system as “QI-Shared Services Solutions.”

**NLF:** Boards must ensure that activities and expenditures associated with the funds are reported quarterly to TWC using the CCDF Quality Improvement Non-Direct Care Activities Quarterly Report template, also known as the CCQ Quarterly Report.

When completing the CCQ Quarterly Report, Boards must report shared-services activities on the Other Quality Activities tab and select Other as the topic from the drop-down menu.

**NLF:** Boards must ensure that the providers served and that any software solutions purchased with the funds are reported to TWC quarterly on the Shared Services Solutions Quarterly Report template (Attachment 2). The report must include the providers’ names and license numbers and information about the specific solution that each provider received. TWC will analyze the data before and after serving the providers; for example, TWC will analyze licensing deficiencies and TRS star-level changes.

**NLF:** Boards must be aware that TWC will require Boards to conduct follow-up surveys with providers that receive shared services and/or back-office solutions through this initiative.

TWC will provide survey questions to measure:

- providers’ satisfaction with the solution and the implementation process; and
- the likelihood that providers will buy the solution themselves in the future.

### **INQUIRIES:**

Send inquiries regarding this WD Letter to [wfpolicy.clarifications@twc.state.tx.us](mailto:wfpolicy.clarifications@twc.state.tx.us).

**ATTACHMENTS:**

Attachment 1: Shared Services Distribution

Attachment 2: Shared Services Solutions Quarterly Report

Attachment 3: Revisions to WD Letter 11-19 Shown in Track Changes

**REFERENCES:**

Child Care and Development Fund, 45 CFR §98.50(b)(1)

Texas Workforce Commission Chapter 809 Child Care Services Rules §809.16(c)