

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

<b>ID/No:</b>	WD 18-18, Change 1
<b>Date:</b>	May 13, 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 the Child Care Formula Grant Award for Quality Improvement Activities—Update**

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**PURPOSE:**

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

**RESCISSION:**

WD Letter 18-18

**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 will support greater investments in quality improvement initiatives, as well as in direct child care services for eligible families.

Because of the Act's increase in CCDF funding and the resulting increase in allocations to local workforce development areas, the amount of the 2 percent 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 funding for Texas Rising Star (TRS) mentors and assessors by \$6,500,000.

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 an annual 2 percent set-aside for quality improvement initiatives
- Texas Government Code §2308.3155, which requires TWC to provide funding to each Board to hire TRS mentors and assessors

The CCF grant award is the primary funding source for direct child care services and administration and operation. It is also 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 TRS personnel, as long as the Board is meeting its performance targets (as originally required in WD Letter 22-17) 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” 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.”

**NLF:** Boards must obtain prior approval from TWC to spend CCF funds on quality improvement activities (effective October 1, 2018).

**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 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 request form, [Workforce Grants and Contracts—Contract Action Request \(CAR\)](#), to the Board’s assigned TWC grant manager at [CAR@twc.state.tx.us](mailto:CAR@twc.state.tx.us). Boards will receive an e-mail notice by the next business day explaining that the request was received and will receive an e-mail notice within 14 days explaining whether the request is approved or denied, unless additional information or negotiation is required.

**NLF**: Boards must not charge expenditures for quality improvement activities against CCM grants.

**INQUIRIES:**

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

**ATTACHMENTS:**

Attachment 1: Revisions to WD Letter 18-18 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