

1 **Discussion, Consideration and Possible Action Regarding Local Workforce Development Board**
2 **Performance Measures and Targets for Board Contract Years 2016 and 2017**

3 **Introduction** – As discussed at length during development of TWC’s Legislative Appropriation Request,
4 Child Care Reauthorization (CCR) made a number of changes that greatly reduce flexibility in operation of
5 the program. On the surface, CCR seemed to be relatively straightforward in its shift from 6 to 12-month
6 eligibility periods and other changes that tend to produce more stable access to care once eligibility has
7 been determined. The reality has proven to be anything but. Not only do the changes appear to greatly
8 reduce “program churn,” they also drive up the overall average cost that the system pays for care:

- 9 1) In the past, children per day who entered child care through the Choices program would move to
10 transitional care shortly after their parents became employed and this would result in the parent
11 being responsible for contributing to the cost of the care. However, CCR, does not permit Parent
12 Share of Cost (PSC) being increased during the 12 month eligibility period. This means that all care
13 provided to children who enter the system through the Choices program will be at the full cost for up
14 to 12 months.
- 15 2) In addition, children placed in General Protection Care (funded by federal child care funding) by the
16 Texas Department of Family and Protective Services (DFPS) are generally entitled to receive 12
17 months of care from initial determination of eligibility. TWC has historically provided up to 6 months
18 of additional subsidized child care with no PSC upon referral from DFPS. However, those referrals
19 were generally discretionary. Staff now estimate that the system will serve roughly 3 times as many
20 children per day as a result of CCR.

21 Because TWC and the Boards generally have no discretion in terms of serving either the Choices or for
22 former General Protection Care children and will be responsible for up to 12 months of care without a PSC,
23 staff are viewing this as “Mandatory” care and have presented a recommendation that the costs for this care
24 be provided to Boards through a funding distribution based on utilization of care rather than through an
25 allocation. Consistent with that recommendation, staff are now proposing to modify the traditional Average
26 Children Served Per Day performance measure to focus only in Discretionary At-Risk Care using the
27 related allocation.

28 **Target Setting** – Staff have been using the same basic target setting methodology for the Average Children
29 Served Per Day performance measure since BCY08 and that methodology is driven by four components:

- 30 1) Allocation – Average Children Served Per Day is the performance measure most closely linked to
31 the allocation as the vast majority of the funds are used to directly purchase/subsidize Child Care;
- 32 2) Admin/Ops – Money needed to operate the program is unavailable to pay for direct care. Therefore,
33 the first step in CC Target setting has been determining how much to set aside for anticipated
34 Admin/Ops expenses;
- 35 3) Case Mix – There are dozens of different reimbursement rates (combinations of age of child, type of
36 provider, full/part day care, Choices/At-Risk-Transitional), making the case mix one of the key
37 components to target setting; and
- 38 4) Approved Board Reimbursement Rates – Providers are reimbursed at the lesser of their usual-and-
39 customary charge or the Boards’ maximum reimbursement rate. Provider charges tend to rise
40 toward these maximums over time.

1 Despite the change in the performance measure, the same basic methodology was used to set BCY17
2 targets as follows:

- 3 1) Estimated the Total Distribution/Allocation – In developing the LAR, staff reviewed child care data
4 from April 2015 to March 2016 on a child-by-child basis and was able to estimate the number/types
5 of units of Choices and former DFPS Child Care that would have been needed in had CCR been
6 effective on April 1, 2015. This data plus the updated Maximum Reimbursement Rates set by local
7 Boards allowed staff to estimate the amount and cost of care that would be likely be reimbursed for
8 the Mandatory Population. This amount was added to the Allocation.
- 9 2) BCY15 Admin/IS/Ops % is applied to the Estimated Total Distribution/Allocation and the result was
10 adjusted to the \$65.7M amount assumed to be needed for Admin/IS/Ops when developing the LAR
11 (this was based on actual expenditures from June 2015 to May 2016).
 - 12 a. For the 20 Boards with the largest Estimated Total Distribution/Allocation, this is the BCY17
13 Admin/IS/Ops Set Aside.
 - 14 b. For the 8 Boards with the smallest CC allocations, BCY16 Admin/IS/Ops Set Aside is the
15 greater of their amount calculated in step 2 or their actual BCY15 Admin/IS/Ops Expenditure
16 Total.¹
- 17 3) The Non-Quality Admin/IS/Ops Set Aside is subtracted from the Allocation and the remainder is
18 assumed to be the amount minimally Available for Discretionary Direct Care.
- 19 4) The Discretionary At-Risk Target is calculated for each Board using their individual expected case
20 mix, updated Maximum Reimbursement Rates, and PSC amounts. The formula is this:
 - 21 a. Average Reimbursement at Max Rate minus Average PSC = Average Direct Care Cost
 - 22 b. Available for Discretionary Direct Care ÷ Average Direct Care Cost ÷ 260 Days = Target

23 **Commission Request** – Staff request the Commission approve staff recommendations for BCY17 Board
24 targets presented as on page 3 of this material and developed with the above-described methodology.

¹ Historically this has been the smallest 7 Boards, but the 7th and 8th smallest Boards had very nearly identical Total Estimated Distribution/Allocation amounts and there was a substantial gap between them and the 9th smallest, which made applying this provision to the smallest 8 Boards consistent with the origins of this provision. While 8 Boards were eligible for the provision, it actually only came into play for 6 Boards.

BCY17 Average Discretionary At Risk Child Care Children Per Day Targets

All Choices & Former DFPS General Protection Care is considered Mandatory Care and not subject Performance Accountability as Bds have no discretion as relates to provision of this Care

#	Board Name	Estimated Mandatory Care Disbursement	Discretionary Allocation	Estimated Total Disbursement/ Allocation	BCY15 Admin/IS/Ops Exp	BCY15 Admin/IS/ Ops %	BCY17 Admin/IS/Ops Set Aside	Available for Discretionary Direct Care	Avg Reimbursement at new Max Rate for Discretionary Care	Avg PSC	Avg DC	Target	Avg July 2015 to June 2016	Avg Apr to June 2016
1	Panhandle	\$1,135,712	\$7,106,272	\$8,241,984	\$1,416,016	17.38%	\$1,386,420	\$5,719,852	\$18.03	\$4.32	\$13.71	1,605	1,698	1,682
2	South Plains	\$1,402,732	\$6,918,836	\$8,321,568	\$1,239,677	16.19%	\$1,303,963	\$5,614,873	\$16.70	\$4.28	\$12.42	1,738	1,985	1,872
3	North Texas	\$880,728	\$3,151,331	\$4,032,059	\$788,286	22.71%	\$886,252	\$2,265,079	\$17.37	\$4.67	\$12.70	686	732	708
4	North Central	\$4,551,895	\$30,888,847	\$35,440,742	\$6,075,054	19.26%	\$6,606,513	\$24,282,334	\$24.06	\$4.85	\$19.22	4,860	5,338	5,881
5	Tarrant County	\$7,149,522	\$29,123,787	\$36,273,309	\$4,113,732	13.01%	\$4,567,491	\$24,556,296	\$23.03	\$4.58	\$18.45	5,119	4,830	5,166
6	Dallas County	\$12,214,761	\$45,277,174	\$57,491,935	\$4,247,801	8.92%	\$4,963,465	\$40,313,709	\$20.57	\$4.60	\$15.97	9,710	9,756	10,517
7	North East	\$909,352	\$4,505,390	\$5,414,742	\$867,512	17.42%	\$912,933	\$3,592,457	\$17.34	\$4.07	\$13.27	1,041	1,089	1,013
8	East Texas	\$2,345,486	\$12,716,125	\$15,061,611	\$2,560,004	18.92%	\$2,758,073	\$9,958,052	\$19.40	\$4.61	\$14.79	2,590	3,111	3,292
9	West Central	\$730,767	\$4,890,176	\$5,620,943	\$1,123,435	20.04%	\$1,123,435	\$3,766,741	\$15.38	\$4.07	\$11.31	1,281	1,347	1,244
10	Upper Rio	\$2,891,847	\$16,945,991	\$19,837,838	\$3,097,773	15.86%	\$3,045,164	\$13,900,827	\$14.65	\$3.10	\$11.55	4,628	4,801	4,905
11	Permian Basin	\$452,995	\$6,368,051	\$6,821,046	\$1,247,371	17.14%	\$1,131,553	\$5,236,498	\$16.96	\$3.10	\$13.86	1,453	1,683	1,873
12	Concho Valley	\$330,825	\$2,141,123	\$2,471,948	\$560,977	22.91%	\$560,977	\$1,580,146	\$17.33	\$5.21	\$12.12	501	585	560
13	Heart of Texas	\$904,272	\$5,806,389	\$6,710,661	\$1,115,784	16.63%	\$1,080,117	\$4,726,272	\$16.64	\$3.55	\$13.08	1,389	1,487	1,483
14	Capital Area	\$3,903,239	\$16,412,820	\$20,316,059	\$3,935,818	20.34%	\$3,999,481	\$12,413,339	\$24.49	\$4.60	\$19.89	2,401	2,687	2,475
15	Rural Capital	\$2,463,697	\$10,974,105	\$13,437,802	\$2,335,726	19.85%	\$2,581,677	\$8,392,428	\$23.52	\$4.80	\$18.72	1,724	1,971	1,862
16	Brazos Valley	\$350,439	\$5,156,151	\$5,506,590	\$990,162	18.27%	\$990,162	\$4,165,989	\$19.05	\$3.29	\$15.77	1,016	1,042	1,064
17	Deep East	\$555,205	\$5,999,632	\$6,554,837	\$1,342,496	19.20%	\$1,218,081	\$4,781,551	\$17.31	\$3.61	\$13.70	1,342	1,546	1,373
18	Southeast	\$692,171	\$5,948,480	\$6,640,651	\$927,860	14.97%	\$962,156	\$4,986,324	\$15.67	\$2.54	\$13.13	1,461	1,432	1,546
19	Golden Crescent	\$219,491	\$2,936,658	\$3,156,149	\$672,898	20.46%	\$672,898	\$2,263,760	\$16.98	\$4.14	\$12.84	678	732	767
20	Alamo	\$8,154,609	\$36,388,840	\$44,543,449	\$5,532,272	12.72%	\$5,483,832	\$30,905,008	\$22.48	\$3.96	\$18.52	6,419	6,897	7,222
21	South Texas	\$669,548	\$7,516,811	\$8,186,359	\$1,161,926	14.59%	\$1,156,004	\$6,360,807	\$17.65	\$3.85	\$13.80	1,773	1,980	1,960
22	Coastal Bend	\$2,372,240	\$9,191,713	\$11,563,953	\$1,826,054	16.42%	\$1,837,776	\$7,353,937	\$20.14	\$4.27	\$15.87	1,782	2,029	1,972
23	Lower Rio	\$2,057,544	\$23,935,695	\$25,993,239	\$3,101,428	11.67%	\$2,935,922	\$20,999,773	\$14.89	\$4.07	\$10.82	7,463	7,475	7,284
24	Cameron	\$955,648	\$11,154,026	\$12,109,674	\$1,867,242	14.56%	\$1,706,503	\$9,447,523	\$13.74	\$3.50	\$10.24	3,549	3,634	3,792
25	Texoma	\$390,917	\$2,711,564	\$3,102,481	\$448,764	14.70%	\$448,764	\$2,262,800	\$21.31	\$3.85	\$17.46	498	615	526
26	Central Texas	\$1,845,478	\$8,079,733	\$9,925,211	\$1,808,617	19.21%	\$1,845,357	\$6,234,376	\$16.06	\$5.34	\$10.72	2,237	2,026	2,164
27	Middle Rio	\$208,907	\$3,605,275	\$3,814,182	\$1,072,781	24.56%	\$1,072,781	\$2,532,494	\$14.34	\$4.19	\$10.14	960	1,092	1,101
28	Gulf Coast	\$16,908,311	\$101,752,785	\$118,661,096	\$8,308,347	7.54%	\$8,659,502	\$93,093,283	\$21.35	\$4.66	\$16.68	21,465	21,902	21,656
	LWDA Totals	\$77,648,338	\$427,603,780	\$505,252,118	\$63,785,814	13.51%	\$65,897,255	\$361,706,525	\$19.51	\$4.29	\$15.23	91,369	95,501	96,962

BCY17 Admin/Ops Set Aside based on the following Rules:

- 1) Set initial Set Aside based on the BCY15 Admin/IS/Ops % multiplied by the Expected Total Disbursement/Allocation
- 2) Adjust these amounts downward slightly so total aggregated Admin/Ops would be \$65.7M (which was used in the LAR based on Actual June2015-May2016 Admin/IS/Ops Expenditures)
- 3) For the 8 Bds with the smallest Expected Total Disbursement/Allocation (shaded), if the amount from step 2 is lower than their BCY15 Admin/IS/Ops Exp, set is at the BCY15 level (shaded)

Discretionary At Risk Child Care Children Per Day by Month

Excludes Former DFPS General Protection Care

#	Board Name	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Target
1	Panhandle	1,757	1,756	1,708	1,729	1,750	1,732	1,695	1,715	1,702	1,648	1,661	1,717	1,704	1,722	1,679	1,645	1,605
2	South Plains	1,746	1,857	1,913	1,975	2,010	2,012	2,003	2,055	2,101	2,008	1,940	2,066	2,005	2,002	1,880	1,732	1,738
3	North Texas	695	743	782	851	849	812	719	699	727	716	699	708	727	716	718	691	686
4	North Central	4,744	4,979	5,236	5,206	5,175	5,045	4,940	4,977	5,097	5,120	5,131	5,352	5,571	5,834	5,953	5,857	4,860
5	Tarrant County	5,034	5,183	5,277	5,028	4,866	4,886	4,837	4,737	4,600	4,440	4,504	4,721	4,867	5,112	5,286	5,100	5,119
6	Dallas County	9,287	9,058	9,020	8,528	8,497	8,738	9,017	9,312	9,735	9,848	9,951	10,073	10,348	10,795	10,732	10,024	9,710
7	North East	1,090	1,113	1,135	1,105	1,095	1,080	1,076	1,157	1,179	1,147	1,103	1,095	1,099	1,055	995	989	1,041
8	East Texas	2,810	2,993	2,973	2,908	2,982	2,946	2,960	3,054	3,116	3,022	2,999	3,167	3,208	3,419	3,346	3,112	2,590
9	West Central	1,334	1,372	1,441	1,451	1,469	1,504	1,459	1,399	1,382	1,306	1,278	1,330	1,303	1,281	1,226	1,226	1,281
10	Upper Rio	5,202	5,095	5,195	4,966	4,776	4,619	4,370	4,718	4,928	4,833	4,819	4,930	4,904	5,013	4,995	4,708	4,628
11	Permian Basin	1,626	1,588	1,628	1,635	1,617	1,574	1,467	1,551	1,594	1,599	1,684	1,718	1,770	1,864	1,890	1,865	1,453
12	Concho Valley	649	682	692	633	606	566	614	619	620	567	570	589	587	608	564	509	501
13	Heart of Texas	1,510	1,510	1,516	1,552	1,569	1,497	1,458	1,514	1,508	1,470	1,461	1,474	1,445	1,460	1,469	1,521	1,389
14	Capital Area	2,571	2,694	2,777	2,755	2,988	0	2,987	2,931	2,794	2,538	2,591	2,578	2,482	2,553	2,535	2,338	2,401
15	Rural Capital	1,875	1,996	1,992	1,815	1,766	1,791	1,938	2,017	2,091	2,055	2,108	2,197	2,106	2,055	1,950	1,582	1,724
16	Brazos Valley	1,050	1,057	1,057	997	978	930	941	1,041	1,095	1,038	1,068	1,115	1,107	1,126	1,130	936	1,016
17	Deep East	1,482	1,554	1,547	1,528	1,580	1,580	1,587	1,635	1,641	1,605	1,607	1,632	1,567	1,480	1,389	1,249	1,342
18	Southeast	1,522	1,451	1,377	1,289	1,233	1,203	1,244	1,346	1,437	1,462	1,514	1,548	1,564	1,584	1,575	1,478	1,461
19	Golden Crescent	791	812	824	814	833	749	666	710	709	689	710	724	695	736	765	802	678
20	Alamo	7,285	7,319	7,462	7,556	7,407	7,156	6,702	6,581	6,505	6,357	6,548	6,858	6,983	7,194	7,249	7,221	6,419
21	South Texas	1,888	1,902	1,994	1,891	1,898	1,919	1,951	2,039	2,068	1,931	2,005	2,058	2,004	2,104	2,032	1,744	1,773
22	Coastal Bend	2,122	2,159	2,160	2,208	2,221	2,021	1,981	2,102	2,065	1,964	1,965	2,041	2,073	2,151	2,013	1,752	1,782
23	Lower Rio	7,484	7,868	8,123	7,865	7,805	7,916	7,853	7,623	7,359	7,106	7,149	7,579	7,456	7,396	7,481	6,974	7,463
24	Cameron	3,658	3,702	3,708	3,516	3,454	3,434	3,478	3,583	3,627	3,568	3,600	3,711	3,778	3,872	3,852	3,651	3,549
25	Texoma	561	584	568	584	602	634	669	709	713	673	620	608	568	559	526	493	498
26	Central Texas	2,071	2,074	2,089	2,004	2,002	1,980	1,934	1,944	1,958	1,938	1,953	2,027	2,085	2,156	2,195	2,142	2,237
27	Middle Rio	1,138	1,155	1,157	1,130	1,110	1,076	1,097	1,111	1,095	1,066	1,064	1,112	1,070	1,104	1,117	1,083	960
28	Gulf Coast	21,466	22,816	23,903	23,802	23,666	22,755	22,085	22,046	22,220	20,967	20,854	21,633	21,630	21,855	21,916	21,196	21,465
LWDA Totals		94,448	97,070	99,253	97,321	96,805	95,090	93,732	94,926	95,668	92,681	93,156	96,362	96,707	98,808	98,457	93,621	91,369