

BCY25 Additional 4% CCQ Funding Distribution Discussion Paper

1 **Background**

2 Texas Government Code [§2308.317\(c\)](#) requires that at least 2 percent of a Board’s annual Child
3 Care and Development Fund (CCDF) allocation be dedicated to activities that support quality
4 improvement. On August 9, 2022, the Texas Workforce Commission’s (TWC) three-member
5 Commission (Commission) approved increasing funds available for quality improvement to 4
6 percent of the Board’s annual allocation for Board Contract Year 2023 (BCY’23). The
7 Commission retained the 4 percent quality improvement funding with the approval of the
8 BCY’24 annual allocations on September 19, 2023.

9 10 **Issue 1: Increasing Board Child Care Quality Funding to 6 percent**

11 In light of the continuing need to support more Child Care Services (CCS) providers in
12 improving the quality of child care, and attaining and maintaining Texas Rising Star
13 certification, staff recommends that the Commission increase the Board quality improvement
14 funding from 4 percent to 6 percent beginning in BCY’25.

15 16 **Issue 2: Parameters for the Required Allocation of Board Child Care 2 percent Quality 17 Funding**

18 Based upon the Texas Government Code [§2308.317\(c\)](#), each Board will receive 2% of their
19 annual Child Care Services allocation to expend on child care quality (CCQ) improvement
20 activities that they determine best meet the needs of their local community. Boards will continue
21 to report to TWC on the planned use of these 2% CCQ funds, and on the actual expenditure of
22 these funds. TWC will continue to post this information on the Child Care & Early Learning
23 website, [Child Care Data, Reports & Plans - Texas Workforce Commission](#), under “Local Board
24 Child Care Quality (CCQ) Funds: Annual Plans and Quarterly Expenditure Reports.”

25 26 **Issue 3: Parameters for the Additional Distribution and Use of Board Child Care 4 percent 27 Quality Funding**

28 Based upon the Commission’s decision to increase funding above the statutory 2 percent
29 minimum which is tied to each Board’s annual allocation, staff recommends that the
30 Commission use a new distribution methodology to distribute the additional 4 percent funding
31 totaling \$54,965,106 in Board Contract Year 2024 (BCY’24) .

32
33 The new distribution methodology will use data focused on CCS providers, as all CCS providers
34 have a requirement to become Texas Rising Star certified and will need support through quality
35 funding. It also considers the total number of CCS providers, as well as licensed capacity, as
36 licensed capacity is a proxy for the size of the program and the number of child care educators
37 that Boards may assist with quality improvement opportunities, such as professional
38 development and other supports.

39
40 Staff recommends the following distribution methodology, which is the same methodology used
41 for the Texas Rising Star mentor distribution.

- 42
- 43 • 60% based on the Board’s relative proportion of all CCS child care programs
- 44 • 40% based on the Board’s relative proportion of licensed capacity of all CCS child care
- 45 programs

1 See Attachment 1 for each Board’s BCY’24 4 percent quality distribution.

2
3 Staff recommends that the Commission direct TWC staff to set parameters for the use of the
4 additional 4 percent quality funding in order to direct these funds towards activities that directly
5 benefit child care providers and the child care workforce. The parameters for the use of the 4
6 percent funding on activities that directly benefit child care providers and the child care
7 workforce include the following:

- 8 • Professional development opportunities responsive to child care providers’ specific needs
9 as validated by data collection and or consultation with the local child care committee or
10 other representative child care stakeholders.
- 11 • Support for substitute pay/reimbursement for release time to support child care provider
12 staff attending school or professional development during work hours.
- 13 • Infant and Toddler support specific to Infant Toddler Mental Health Consultants or
14 supply building, which could include monetary support for child care providers opening
15 new classrooms to serve infants and toddlers, or classroom supplies for new infant and
16 toddler classrooms.
- 17 • Materials and supplies for a child care provider based on the provider’s specific needs as
18 validated by data collection and or consultation with the local child care committee or
19 other representative child care stakeholders (excluding playground equipment, shade
20 structures, cameras or other security equipment, and smart boards).
- 21 • Comprehensive Curriculum support which requires any curriculum purchased for a child
22 care provider to be accompanied by overarching training and support. In addition,
23 curriculum selection must consider Prekindergarten Partnership classrooms who may be
24 using a curriculum specified by the school and Boards should not purchase conflicting
25 curriculum without first specifically discussing with the provider to ascertain if this
26 would be helpful to them to have two different curriculums.
- 27 • Incentives for reaching, attaining, and maintaining higher levels of quality within Texas
28 Rising Star, which may include monetary support to a child care provider to use in pre-
29 determined allowances (such as, hiring bonuses, materials and equipment purchases or
30 staff retention bonuses)
- 31 • Incentives for staff hiring and retention.
- 32 • National accreditation support for initial and renewal fees.
- 33 • Supply building strategies for children in underserved areas (e.g., care deserts), and/or for
34 vulnerable populations such as infants and toddlers, for children with disabilities,
35 English-language learners, or for nontraditional hour child care specific to financial
36 assistance to help new providers start up or current providers expand capacity, or other
37 one-time financial incentives to the provider.

38
39 Boards will be required to submit plans for the use of the 4 percent quality funds to TWC, and
40 those plans are subject to TWC approval. TWC will continue to post this information on the
41 Child Care & Early Learning website, [Child Care Data, Reports & Plans - Texas Workforce](#)
42 [Commission](#), under “Local Board Child Care Quality (CCQ) Funds: Annual Plans and Quarterly
43 Expenditure Reports.” The expenditure of the 4 percent quality funds are dependent upon TWC’s
44 review and approval of the Board’s 4 percent quality plan.

45
46 Boards must consider how to customize the provision of the 4% quality support to ensure that
47 they are meeting each provider’s unique needs. Activities supported must align with clearly
48 defined needs based on data collected from providers, which must be detailed in the Board’s

1 plan. For example, purchasing bulk curriculum/supplies to provide to all programs, without data
2 to demonstrate that all programs require the same curriculum/supplies, is not ensuring that the 4
3 percent quality funds are meeting a provider's individual needs.

4 **Decision Points**

5 Staff recommends that the Commission:

- 6 • increase the Board's child care quality improvement funding from the statutorily required
7 2 percent to 6 percent;
- 8 • distribute the additional 4 percent funding through a methodology that is based on the
9 number and size of CCS providers in the workforce area, as described above; and
- 10 • direct staff to issue guidance to Boards on the allowable uses of 4 percent quality
11 funding, based on activities that directly benefit child care providers and the child care
12 workforce, and require Boards to submit a plan, for TWC's approval, on the Board's use
13 of the additional 4 percent quality funds.

	LWDA	Providers*	Capacity*	% of State Providers	% of State Capacity	60% Based on % of State Providers	40% Based on % of State Capacity	Total Amount
1	Panhandle	108	9,046	1.36%	1.18%	\$449,942	\$259,457	\$709,399
2	South Plains	129	12,115	1.63%	1.58%	\$537,430	\$347,482	\$884,912
3	North Texas	80	6,026	1.01%	0.79%	\$333,290	\$172,838	\$506,128
4	North Central	703	87,813	8.88%	11.46%	\$2,928,788	\$2,518,649	\$5,447,437
5	Tarrant	590	60,116	7.45%	7.84%	\$2,458,015	\$1,724,245	\$4,182,260
6	Dallas	636	61,701	8.03%	8.05%	\$2,649,657	\$1,769,706	\$4,419,363
7	North East Texas	64	6,678	0.81%	0.87%	\$266,632	\$191,538	\$458,170
8	East Texas	213	20,429	2.69%	2.67%	\$887,385	\$585,944	\$1,473,329
9	West Central Texas	88	7,484	1.11%	0.98%	\$366,619	\$214,656	\$581,275
10	Borderplex	301	19,415	3.80%	2.53%	\$1,254,004	\$556,860	\$1,810,865
11	Permian Basin	97	9,388	1.23%	1.22%	\$404,114	\$269,266	\$673,381
12	Concho Valley	54	5,122	0.68%	0.67%	\$224,971	\$146,909	\$371,880
13	Heart of Texas	106	9,787	1.34%	1.28%	\$441,610	\$280,710	\$722,320
14	Capital Area	354	35,899	4.47%	4.68%	\$1,474,809	\$1,029,654	\$2,504,463
15	Rural Capital	342	38,568	4.32%	5.03%	\$1,424,816	\$1,106,206	\$2,531,021
16	Brazos Valley	116	8,800	1.47%	1.15%	\$483,271	\$252,401	\$735,672
17	Deep East Texas	83	8,346	1.05%	1.09%	\$345,789	\$239,380	\$585,168
18	Southeast Texas	113	11,460	1.43%	1.50%	\$470,772	\$328,695	\$799,468
19	Golden Crescent	62	5,488	0.78%	0.72%	\$258,300	\$157,407	\$415,707
20	Alamo	579	57,770	7.31%	7.54%	\$2,412,188	\$1,656,957	\$4,069,145
21	South Texas	127	7,409	1.60%	0.97%	\$529,098	\$212,505	\$741,603
22	Coastal Bend	169	13,029	2.13%	1.70%	\$704,076	\$373,697	\$1,077,773
23	Lower Rio Grande Valley	447	28,861	5.65%	3.77%	\$1,862,259	\$827,790	\$2,690,049
24	Cameron County	154	10,458	1.95%	1.36%	\$641,584	\$299,956	\$941,540
25	Texoma	66	5,475	0.83%	0.71%	\$274,964	\$157,034	\$431,998
26	Central Texas	207	16,945	2.61%	2.21%	\$862,388	\$486,016	\$1,348,404
27	Middle Rio Grande	40	2,977	0.51%	0.39%	\$166,645	\$85,386	\$252,031
28	Gulf Coast	1,888	199,941	23.85%	26.08%	\$7,865,648	\$5,734,700	\$13,600,348
	Statewide	7,916	766,546	100.00%	100.00%	\$32,979,064	\$21,986,042	\$54,965,106

*Data as of 4/15/2024. Excludes military, relative, and out-of-state providers, and providers with agreements but no active license number and no children in care.