

CHILD CARE CONTRACT AGREEMENTS

*Increasing the Supply and Stability of
Quality Care in Texas*

children
atRisk

What are contract agreements?

In the Child Care and Development Block Grant (CCDBG), Congress emphasizes the need to increase the participation of children from low-income families in high-quality child care. Contract agreements are an effective and proven strategy to build the supply and stabilize high quality care for children from low-income families. Contracts, coupled with the subsidy program, enhance parent choice by expanding options. In 2019, the Texas 86th Legislature passed HB 680 which approves the use of contract agreements by Local Workforce Development Boards (LWDB) with quality providers in the state's subsidy child care program.

The legislation authorizes child care contracts between the LWDBs and child care subsidy providers participating in the Texas Rising Star (TRS) system. LWDBs can identify quality child care shortages in their regional area and enter into agreements with TRS providers to address the gaps in services. Specifically, contracts provide financial incentives to providers to offer care for special populations, require higher quality standards, and guarantee certain numbers of slots to be available for low-income children eligible for subsidized care. The agreement is designed to be with the provider directly and does not follow the child or family if they transition out of care or to a different provider.

WHY ARE CONTRACTS BENEFICIAL?

Establishing contract agreements with quality providers stabilizes the supply of and access to quality care.

Contracts build stable, quality supply by guaranteeing the availability of quality seats in areas of great need (i.e. child care deserts, underserved areas, or an area with a shortage of quality child care). Contracts can also be used as an incentive to increase provider participation in TRS.

Who is eligible to participate?

Under HB 680, LWDBs can contract with quality providers (TRS providers at 3-Star or higher) in the subsidy child care program. Additionally, a provider must meet one of the following priorities established by the Texas Workforce Commission (TWC):

1. *Quality Child Care Desert* - located in an area where children under the age of six are three times greater than the licensed capacity or an area determined by TWC as underserved,
2. *Prekindergarten Expansion* - have a partnership with a school district to provide prekindergarten program,
3. *Early Head Start and Head Start* - have a partnership with Early Head Start or Head Start,
4. *Infants and Toddlers* - a focus on increasing access for infants and toddlers, or
5. *Other* - satisfy a requirement in the LWDBs strategic plan.

FOR QUESTIONS OR COMMENTS, PLEASE CONTACT:

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Texas Workforce Commission Guidance on Implementing Contracted Slots¹

The Contracted Slots Model: Issues & Recommendations (Approved)

Reserved Slots. If a LWDB chooses to contract with child care providers for a specific number of spaces, also known as a Contracted Slots model, the LWDB would continue payment for reserved slots during times of transition between the time that one child leaves and another child is placed in the slot.

Discussion Items Approved:

- Allow LWDBs to pay for reserved slots that are not occupied for one month following the month of vacancy.
- Amend the following sections of Chapter 809 to describe policies and procedures for contracted slots agreements:
 - §809.13— Board Policies for Child Care Services
 - §809.93— Provider Reimbursement
 - Add a new section, §809.96 — Contracted Slot Agreements.

Waiting Lists & Priorities. The LWDB's waiting list for the subsidized care is for the entire workforce area. If LWDBs followed the current waiting list policy, they would need to go through the list in order of priority group for the open reserved slot, even if the families are not seeking child care in the same county or ZIP code where the provider with an open reserved slot is located.

Discussion Items Approved:

- Amend §809.18 — Maintenance of a Waiting List, to address child care provider contracted slots agreements. When a contracted slot becomes open, the LWDB will first contact families on the waiting list that requested care in that ZIP code and in order of priority. As LWDBs fill reserved slots, they will follow the same rules for priority groups as they normally do, but the pool of eligible families will be restricted to those seeking services within the ZIP code where the funded slot is available.

WAITLIST PRIORITY GROUPS

1. The first priority group is assured child care services and includes children of parents eligible for: choices child care, TANF, SNAP E&T, and transitional child care.
2. The second priority group is served subject to the availability of funds and includes for example: children requiring protective services, foster youth, children experiencing homelessness, children with disabilities etc.
3. The third priority group includes any other priority adopted by the LWDB.

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¹ TWC Meeting https://www.twc.texas.gov/files/twc/commission_meeting_material_06.23.20_item14_pc-ch.809_hb_680.pdf