

Texas Workforce Commission

A Member of Texas Workforce Solutions

Bryan Daniel, Chairman
Commissioner Representing
the Public

Aaron Demerson
Commissioner Representing
Employers

Alberto Treviño III
Commissioner Representing
Labor

Edward Serna
Executive Director

September 29, 2023

Via email

Email address: Leila.Melendez@borderplexjobs.com

Ms. Leila H. Melendez
Chief Executive Officer
Borderplex Workforce Development Board
dba Workforce Solutions Borderplex
304 Texas Avenue, Suite 1400
El Paso, Texas 79901

Dear Ms. Melendez:

Effective October 1, 2023, the Borderplex Workforce Development Board's (Board) Intent to Sanction, which was issued on July 31, 2023, is elevated to a Level 1 Sanction, pursuant to Texas Workforce Commission (TWC) Integrity of the Texas Workforce System rule §802.122, for failure to appropriately oversee the delivery of services and failure to effectively manage and oversee the Child Care Services (CCS) program.

TWC's Child Care & Early Learning (CCEL) Division has reviewed data submitted by the Board in response to the Intent to Sanction and finds that the issues that led to the over-expenditure of Board Contract Year 2023 (BCY'23) CCS funding were due to the Board's lack of oversight and continued enrollment of children into the CCS program. The Board reached 103.9% of its performance expectation in February 2023; this data was available to the Board in March 2023. However, the Board continued to enroll children into the CCS program and did not close CCS enrollment until July 2023.

As a result, the Board has notified TWC that it over-expended its BCY'23 CCS funding by \$5,737,563. To help the Board address this over-expenditure, TWC recommended, and is authorizing, the implementation of the two following strategies:

1. TWC is authorizing the one-time use of BCY'23 Child Care Quality (CCQ) funding to be repurposed for BCY'23 direct care. TWC will approve a total of \$1,613,381 in BCY'23 CCQ funds to be repurposed toward BCY'23 direct care, as shown in the table below.
2. TWC initiated the Board's BCY'24 Child Care Formula (CCF) grant in August rather than in October. The Board may use its BCY'24 funding to cover the projected over-expenditure of direct care funds.

TWC cautions the Board that diverting BCY'24 CCF funding to cover BCY'23 expenses will not impact the Board's BCY'24 contracted child care performance target. The Board's BCY'24 child care performance target will be based on the total allocation.

Ms. Leila Melendez
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Funding Source	July 2023 Reported Expenditures	Amount Approved to Repurpose toward CCS Direct Care
4% CCQ Funding	\$1,630,167 total amount 24.84% expended \$1,225,189 balance	\$815,084 (The Board will continue to be required to spend 2%, \$815,084, on quality activities in BCY'23.)
Texas Rising Star Assessor Funding	\$210,530 total amount 68.64% expended \$66,018 balance	\$57,223
Texas Rising Star Mentor Funding	\$750,848 15.36% expended \$635,524 balance	\$579,982
Industry Support Funding	\$280,245 31.2% expended \$192,681 balance	\$161,092

In accordance with §802.121(f), CCEL has developed the attached Level 1 Sanction Corrective Action Plan (CAP). The CAP lays out the benchmarks and strategies that the Board must employ to establish and implement consistent oversight of the CCS program. The CAP will remain in place until the Board has demonstrated compliance with the CAP and consistently meets its performance expectations.

Tangela Niemann, the Board's designated contract manager, will monitor the Board's overall compliance with the CAP. Ms. Niemann can be contacted at (737) 443-0559 or tangela.niemann@twc.texas.gov. Gwen Snyder Gil, Child Care & Early Learning Division Technical Assistance Manager, will work with you on each of the CAP elements, and will coordinate any needed data analysis. Ms. Snyder Gil may be reached at (737) 270-7341 or gwen.snyder@twc.texas.gov.

Sincerely,



Reagan Miller, Director
 Child Care & Early Learning Division

cc: Frank Spencer III, Board Chair, Borderplex Workforce Development Board
 Bryan Daniel, Chairman and Commissioner Representing the Public
 Aaron Demerson, Commissioner Representing Employers
 Albert Treviño III, Commissioner Representing Labor
 Edward Serna, Executive Director
 Courtney Arbour, Director, Workforce Development Division

Program	Child Care & Early Learning	
Name:		
Reason for CAP:	Failure of Child Care Management and Oversight resulting in overenrolling and overspending BCY'23 Child Care Formula grant funds	
Board Contact:		
Name:	Marisela Correa	Name: Gwen Snyder Gil
Telephone	915-887-2219	Telephone: 737.270-7341
E-mail:	Marisela.correa@borderplexjobs.com	E-mail: gwen.snyder@twc.texas.gov
PURPOSE STATEMENT: The Board must ensure that Board performance improvement strategies and Contractor procedures are in place and implemented according to the Level 1 Sanction Corrective Action Plan (CAP).		
Benchmarks	Date by which Benchmark must be achieved/reviewed	Special Notes/Comments
Creation of Standard Operation Procedures as outlined in Strategy 2	November 17, 2023	
Creation of Forecasting Tool/Profile	November 17, 2023	CC&EL TA will provide the Board with examples of forecasting tools that have been developed.
Submission of reports outlined in Strategy 3	Monthly starting November 2023	
BCY24: No children will be added to care other than mandatory first priority children as outlined in 809.43(a)(1)(2)(A). The Board may enroll other priority populations when they have reduced their BCY'24 enrollments to an affordable level. BCY24 affordable level will be determined by TWC, working in collaboration the Board (see Strategy 1).	TBD	Borderplex will provide TWC with information on the number of children being served through out the CAP period. The Board must reduce the number served (currently at over 8400 as of August 2023 data) to an affordable level, currently estimated at an average of 5,986 children per day in BCY23 (see Strategy 1), before TWC will authorize the Board to enroll children, other than mandatory first priority children.
BCY25: TWC will re-assess the number of children in care at the end of BCY24 as compared to the BCY25 target in order to determine if the Board may enroll children, other than mandatories and priority populations. The CAP will be updated to reflect whether the Board can enroll only mandatory priority populations, or all populations in BCY25 based on this data analysis.	TBD	Borderplex will provide TWC with information on the number of children being served throughout the CAP period. At the end of BCY24/beginning of BCY25, TWC will review the Board's enrollment and financial disposition in order to determine if the Board may enroll children, other than mandatories and priority populations, in BCY25.

Borderplex**Corrective Action Plan (CAP)****BCY 2024**

BCY25: The Board must maintain an affordable number of children served in BCY25 for three consecutive months. BCY25 affordable level will be determined in late BCY24 (est. in September 2024)	October 2024 November 2024 December 2024 January 2025	October 2024 data as reflected in the November 2024 MPR November 2024 data as reflected in the December 2024 MPR December 2024 data as reflected in the January 2025 MPR January 2025 data as reflected in the February 2025 MPR Additional months will be added, as needed, in order for the Board to demonstrate three consecutive months of compliance with maintaining an affordable number of children served.
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Additional Comments

Borderplex

Level 1 Sanction Corrective Action Plan (CAP)

BCY 2024

CONFERENCE CALL:	TBD	DAY OF	WEEK	HOUR:
The purpose of this call will be to check progress, and identify technical assistance needs to assist the Board.				
CAP PROGRESS REPORTING:	Yes	DAY OF MONTH:	10	
Progress Report is due bi-weekly, during scheduled conference calls. The report will provide updates on each of the strategies outlined in this CAP. The Progress Report will be submitted to bcm@twc.texas.gov .				
Any identified needs for additional assistance should be submitted to Gwen Snyder Gil, the TWC contact identified on page one of the CAP.				
REPORTS:				
Report Name	To Assist with the following Strategy/Benchmark		Frequency	
Board's Forecasting Profile (to be developed by the Bd)*	Strategy 3		Monthly*	
Report 245-Child Care Paid Claim	Strategy 3		Bi-weekly	
Report 238- Direct Child Care Expenditures	Strategy 3		Bi-weekly	
Report 230- Number of Children in Care	Strategy 3		Daily	
Board's Daily Number of Children Enrolled (to be developed by the Bd)*	Strategy 3		Daily Monthly Recap*	

****Due to the Board's over enrollment/over expenditure of funds, no Children will be added to care beyond the mandatory populations until notified by TWC. ***

STRATEGIES										
ACTION ITEMS 1										
<p>STRATEGY 1</p> <p>1. Confirm the actual affordable number of average children that can be served per day in BCY'24, in light of the Board's use of a portion of BCY'24 funds in BCY'23.</p> <p>TWC sets annual Board performance targets for the Average Number of Children Served per Day based upon the Board's annual allocation. TWC will continue to set the Borderplex BCY'24 Average Number of Children per Day Performance Target based upon the Board's full annual allocation.</p> <p>TWC has estimated the affordable number of children that can be served per day, based upon initial data provided by Borderplex:</p> <ul style="list-style-type: none"> - \$ 5,737,563 projected over expenditure in BCY'23 - \$1,613,381 in BCY'23 quality funds approved to be redirected towards BCY'23 direct care - \$4,124,182 projected need to access BCY'24 funds early <p>The Borderplex BCY'24 allocation is \$48,401,588. Reducing this by \$4,124,182 leaves a total of \$44,277,406 available for BCY'24 CCS services.</p> <p>Borderplex is still required to expend 4%, or \$1,936,064, of the initial BCY'24 allocation (\$48.4) on quality improvement activities.</p> <p>The chart below provides TWC's estimate of the number of affordable children per day that Borderplex can serve, based on the projected amount of BCY'24 allocated funds available.</p>						<p>Borderplex must update TWC on the actual amount of BCY'24 funds used to support BCY'23 over-expenditures.</p> <p>Borderplex must work with TWC to calculate an updated number of the projected affordable number of children per day that can be served in BCY'24, based on updated data (once final data is available on BCY'24 funds used to support BCY'23 costs)</p>				

Board Name	BCY24 Allocation	BCY24 4% Quality Allocation	Forecasted Amount Available to Operate the Subsidized CC Program	Forecasted Semi-Fixed Admin/Ops Set Aside	Forecasted Available for Direct Care (DC) & Variable Admin/Ops	Forecasted Variable Admin/Ops per Unit	Forecasted Avg Provider Reimbursement Rate	Forecasted PSOC Per Unit	Forecasted System Cost Per Unit	BCY24 Allocation Target
Borderplex – Approved Allocation	\$48,401,588	\$1,936,064	\$46,465,523	\$2,722,621	\$43,742,903	\$1.42	\$25.13	\$1.19	\$25.36	6,609
Borderplex – Reduced Available Allocation	\$44,277,406	\$1,936,064	\$42,341,342	\$2,722,621	\$39,618,721	\$1.42	\$25.13	\$1.19	\$25.36	5,986

STRATEGY 2	ACTION ITEMS 2
<p>2. Establish Standard Operating Procedures (SOP) for management and oversight of child care enrollments, as well as the timing and process for closing and opening enrollment, as well as others as deemed necessary for staff training for continuity of procedures during staff turnover.</p>	<p>Business Processes</p> <ul style="list-style-type: none"> Establish SOPs for all areas needed to monitor enrollment and expenditures. <p>Staff</p> <ul style="list-style-type: none"> Ensure all staff are properly trained and understand SOPs. Establish a workflow and contingency plan for staff turnover or staff absences to ensure proper oversight of enrollment and expenditures. <p>Submit copies of SOPs and workflow to childcare.programassistance@twc.texas.gov by November 17, 2023.</p>

STRATEGY 3	ACTION ITEMS 3
<p>3. The Board must regularly monitor child care expenditures relative to the proportion of the program year that has expired to ensure the availability of funds throughout the program year while managing enrollments to reduce the number of children served down to the BCY24 affordable level.</p> <ul style="list-style-type: none"> a. Utilize Report 230 daily to track number of children in care and keep track of the Board's daily number of children enrolled. b. Develop and utilize a forecasting profile to develop monthly performance and expenditure benchmarks for the Board Contract Year (BCY). c. Analyze enrollment children in care (including new mandatory children and children exiting), and expenditures for each Service Month. Determine if reductions in children in care, and reductions in average monthly expenditures are being reduced at a level that will allow the Board to remain within its BCY24 allocation. d. Meet with Contractor staff bi-weekly to discuss performance and expenditure forecast, funds management, enrollments, and attrition rates, and assure no children other than the First Priority Group - Mandatory populations are added to care. 	<p>Provide to TWC any forecasting tool or profile that is developed by the Board or contractor by November 17,2023.</p> <p>A copy of all the reports listed in "Reports" section of CAP (denoted by an asterisk) is due to bcm@twc.texas.gov COB on the 10th day of the month, or the first business day, after if the date coincides with a weekend or holiday.</p>

STRATEGY 4	ACTION ITEMS 4
<p>4. The Board must establish regularly scheduled meetings at least on a bi-weekly basis with its Contractor to discuss strategies for child care management control, including data from analyzing enrollment of children in care (including new mandatory children and children exiting), and expenditures for each Service Month. The meetings are mandatory until the CAP is lifted.</p>	<p>A copy of the meeting minutes and narrative of bi-weekly meeting is due to bcm@twc.texas.gov by COB on the 10th day of the month, or the first business day after, if the date coincides with a weekend or holiday.</p>

STRATEGY 5	ACTION ITEMS 5
<p>5. Borderplex's PSoC is significantly lower than other Board areas. For example, based upon data in the Trend Tool for June 2023:</p> <ul style="list-style-type: none"> • Borderplex - \$0.52 • South Texas - \$4.56 • Middle Rio - \$4.35 • Lower Rio – \$3.51 • Cameron - \$3.66 <p>The Board will review its PSoC policies. The PSoC has decreased from \$4.12 in June 2021 to \$0.52 in June 2023. This is an 87.35% reduction in PSoC in two years. In BCY23 alone, the PSoC has decreased from 6.6% in October 2022 to 2% in June 2023.</p>	<p>Review PSoC policy for BCY23, and determine if Board policy changes will be recommended/adopted.</p> <p>Train staff on any changes to the PSoC policy.</p>

Borderplex**Corrective Action Plan (CAP)****BCY 2024**

The CAP will remain in effect until TWC determines that Borderplex has addressed all the requirements of the CAP and enrollments and expenditures are appropriately monitored and managed.

Upon receipt of this CAP, the Board must review and return a signed copy of the CAP by October 12, 2023, to TWC. The CAP will be returned to the Board upon signature of the Director of the Texas Workforce Commission (TWC) Child Care & Early Learning Division.

By signing this CAP, the Board agrees to make every effort to ensure that its performance measures and contractual goals are met and agrees to continue its collaboration with TWC Child Care Technical Assistance staff to ensure success.

Reagan Miller

9/29/2023

Reagan Miller, Director
Child Care & Early Learning Division TWC

Date

Leila

9/29/2023

Leila Melendez, Executive Director
Borderplex Workforce Development Board

Date