

COVID-19 Supplemental Payments for Essential Worker Child Care Discussion Paper

1 Background

2 On March 17, 2020, the Texas Workforce Commission (TWC) took action to approve payments
3 to child care providers when children are absent or when providers are temporarily
4 closed. TWC's actions to continue paying child care providers were intended to address the
5 economic hardship that many providers could face as a result of COVID-19. TWC's approval
6 noted that TWC would continue to monitor this and would make future determinations on the
7 absence policy.

8 At the time this policy was approved, the U.S. Congress had not yet taken action on the
9 [Coronavirus Aid, Relief, and Economic Security \(CARES\) Act](#), which was enacted on March 27,
10 2020. The CARES Act includes many new [federal resources](#) which are available to both child
11 care providers, as well as child care workers who have lost their jobs. Providers are eligible for
12 the Small Business Administration's (SBA) Small Business Loans, which are forgivable loans,
13 and for emergency cash advances through SBA's Emergency Economic Injury Disaster
14 Loan. Child care workers who have lost their job are eligible for [Pandemic Unemployment
15 Assistance, Pandemic Unemployment Compensation, and Pandemic Emergency Unemployment
16 Compensation](#).

17 TWC would like closed child care programs to avail themselves of the SBA resources. This
18 would allow TWC to adjust its monetary support currently directed to closed programs and serve
19 more essential workers' children. To support this goal, TWC's Office of Employer Initiatives
20 will be hosting a webinar on Friday, April 17th for child care directors to learn more about SBA
21 resources.

22 TWC is receiving information from the Health and Human Services Commission Child Care
23 Licensing (CCL) on programs that have reported closures as a result of COVID. As of April 10,
24 2020, 1,764 programs serving subsidy children have reported closures (approximately 27% of all
25 subsidy providers), serving 29,445 subsidy children. The estimated cost of serving these children
26 is approximately \$14.7 million.

27 At this time, TWC will continue to pay closed providers, based on the number of active referrals
28 they had at the time of closure. As SBA loans are made available, TWC will re-examine the use
29 of funds for closed child care centers.

30 Additionally, the CDC has recommended group sizes of no more than 10 people. And, many
31 local control orders have been enacted which mandate group size limitations; these orders apply
32 to child care providers who remain open to serve essential workers. Child care providers' cost of
33 care has increased as a result of these class size limitations. TWC is also cognizant of the need to
34 support the increased costs for providing child care in smaller class sizes. TWC's policy to pay
35 for absences will help address these higher costs. Additional financial support should also be
36 considered.

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1 **Issue 1 – Supplemental Payments for Child Care Providers Serving Essential Workers at**
2 **Lower Ratios**

3 Child care programs that continue to operate to serve essential workers have been required to
4 reduce group sizes based on local control orders, or in areas where there are no local control
5 orders, have been encouraged to reduce group sizes. These programs must also follow the
6 Centers for Disease Control [guidance](#) and take additional precautions to address health and
7 safety during the COVID-19 pandemic. As a result, child care programs are realizing increased
8 costs for child care. TWC is continuing to pay for absences in programs that remain open, and
9 these additional payments will help child care programs address the higher costs (based on lower
10 ratios). Additional funds would help to offset increased operational costs providers face.

11 **Decision Point**

12 Staff seeks the Commission’s guidance on paying providers who remain open to serve essential
13 workers a supplemental payment of 25%, based on the number of active referrals, effective April
14 1, 2020.