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

Background

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

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

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

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

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

Additionally, the CDC has recommended group sizes of no more than 10 people. And, many local control orders have been enacted which mandate group size limitations; these orders apply to child care providers who remain open to serve essential workers. Child care providers’ cost of care has increased as a result of these class size limitations. TWC is also cognizant of the need to support the increased costs for providing child care in smaller class sizes. TWC’s policy to pay for absences will help address these higher costs. Additional financial support should also be considered.
Issue 1 – Supplemental Payments for Child Care Providers Serving Essential Workers at Lower Ratios

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

Decision Point

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