

**Discussion Paper:  
COVID-19 Approval of CCDBG CARES Act Funds to  
Support Additional Child Care Needs**

**1 Background**

2 On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (*CARES Act*) was  
3 enacted, which included approximately \$371 million in Child Care Development Block Grant  
4 (CCDBG) funds for Texas. These funds may be used on any allowable CCDBG activity to help  
5 address the impact of COVID-19. To date, the Texas Workforce Commission's (TWC) three-  
6 member Commission (Commission) has dedicated \$200 million of CCDBG CARES Act funds  
7 as follows:

- 8 • \$100 million for Essential Worker Child Care – a temporary three-month benefit for the  
9 children of Essential Workers, with approximately 29,000 children enrolled
- 10 • \$100 million for an Enhanced Reimbursement Rate (ERR) for Child Care Providers –  
11 currently set at 25 percent, this Enhanced Reimbursement Rate is intended to assist  
12 subsidy providers address higher operation costs as a result of COVID

**13 Issue 1 – Enhanced Reimbursement Rates**

14 The Commission has previously authorized the use of \$100 million of CCDBG CARES Act  
15 funds to reimburse Local Workforce Development Boards (Boards) for the 25 percent ERR.  
16 These funds are expected to support the cost reimbursement of the enhanced payment through  
17 August 2020. Additional funds are needed to extend the ERR. Staff estimates that an additional  
18 \$53.8 million is required to support the 25% ERR through December 2020 (bringing the total  
19 ERR budget to \$153.8 million).

**20 Issue 2 –Child Care in Board Contract Year 2020**

21 As a result of COVID, TWC implemented several policy changes which resulted in higher costs  
22 in the Board Contract Year 2020 (BCY'20) Child Care contract (CCF contract). These include:

- 23 • payment of parent share of cost (PSOC) in May totaling approximately \$11 million
- 24 • conversion of school-age/blended-rate child care to full-time care much earlier in the  
25 year than normally occurs
- 26 • funding the child care stabilization grants
- 27 • waiving absences and extending eligibility periods, so children are remaining eligible  
28 for longer periods

29  
30 Staff estimates that an additional \$19.3 million will help to address these higher costs.

**31 Issue 3 – Child Care in Board Contract Year 2021**

32 As previously noted, as a result of COVID, TWC implemented several policy changes which  
33 resulted in higher costs. This includes the need to provide some school-age children with full-day  
34 subsidies, rather than part-day/after-school subsidies. We are anticipating higher costs of care in

1 Board Contract Year 2021 (BCY'21) as well. Without additional funds, this will impact the total  
2 number of children per day we can serve. A supplemental distribution of \$33.3 million is  
3 estimated to serve an additional 5,000 children per day in BCY'21 (final BCY'21 performance  
4 measure on the number of children served per day will be developed in September, following the  
5 receipt of the updated Market Rate Survey).

6 **Decision Points**

7 Staff seeks direction on budgeting a total of \$106.4 million of CCDBG CARES Act funds. The  
8 amounts for #1 and #2 below are based on initial estimates. Staff will continue to evaluate and  
9 analyze data to inform any potential future adjustments.

- 10 1. \$53.8 million to continue the ERR (bringing the total budgeted for ERR to \$153.8  
11 million)

12

13 Staff seeks direction on distributing funds to Boards for the cost reimbursement of ERR:

- 14 • Making approximately 50% of the funds available (\$29,293,379) to support  
15 estimated ERR costs for September and October as outlined on Attachment 1;  
16 and,  
17 • Directing staff to make the remaining funds available, based on updated data and  
18 actual demonstrated need, to support the cost reimbursement of ERR in  
19 November and December ERR.

20

- 21 2. \$19.3 million to address the higher costs of child care in BCY'20

22

23 Staff seeks direction on distributing up to \$19.3 million to address the higher costs of  
24 child care Boards experience during BCY'20, that were beyond the Board's control. Staff  
25 will brief each Commissioner on the distribution of these funds.

26

- 27 3. \$33.3 million for a BCY'21 Supplemental Distribution

28

29 Staff seeks direction on a \$33 million BCY'21 Supplemental Distribution of CCDBG  
30 CARES Act funding, as outlined in Attachment 2.

## Attachment 1

### Additional Funds for Cost Reimbursement of Enhanced Reimbursement Rate CCDBG CARES Act Funding

LWDA #	LWDA Name	First Distribution <sup>1</sup>	Approved Funding Requests <sup>2</sup>	Second Distribution <sup>3</sup>	Third Distribution	Total ERR Distribution
1	Panhandle	\$702,305	\$483,462	\$406,339	<b>\$401,080</b>	\$1,993,186
2	South Plains	\$762,984	\$506,287	\$434,954	<b>\$586,924</b>	\$2,291,149
3	North Texas	\$338,803	\$232,953	\$195,930	<b>\$186,868</b>	\$954,554
4	North Central	\$2,989,128	\$1,004,639	\$1,368,586	<b>\$1,799,201</b>	\$7,161,554
5	Tarrant County	\$3,449,903	\$2,729,034	\$2,117,401	<b>\$2,071,902</b>	\$10,368,240
6	Dallas	\$5,917,221	\$1,260,000	\$2,459,493	<b>\$3,817,780</b>	\$13,454,494
7	North East	\$534,299	\$138,600	\$230,589	<b>\$288,143</b>	\$1,191,631
8	East Texas	\$1,435,965	\$713,553	\$736,598	<b>\$853,028</b>	\$3,739,144
9	West Central	\$556,345	\$225,750	\$268,009	<b>\$322,849</b>	\$1,372,953
10	Upper Rio Grande	\$1,839,103	\$840,000	\$918,076	<b>\$980,017</b>	\$4,577,196
11	Permian Basin	\$706,759	\$313,276	\$349,546	<b>\$396,519</b>	\$1,766,100
12	Concho Valley	\$167,172	\$69,691	\$81,168	<b>\$108,541</b>	\$426,572
13	Heart of Texas	\$417,062	\$243,233	\$226,270	<b>\$318,232</b>	\$1,204,797
14	Capital Area	\$1,074,656	\$1,024,800	\$719,442	<b>\$907,968</b>	\$3,726,866
15	Rural Capital	\$924,722	\$1,046,845	\$675,617	<b>\$694,533</b>	\$3,341,717
16	Brazos Valley	\$451,359	\$272,594	\$248,085	<b>\$331,851</b>	\$1,303,889
17	Deep East Texas	\$645,070		\$221,053	<b>\$369,403</b>	\$1,235,526
18	Southeast Texas	\$441,664	\$537,927	\$335,687	<b>\$419,555</b>	\$1,734,833
19	Golden Crescent	\$341,859		\$117,148	<b>\$160,646</b>	\$619,653
20	Alamo	\$4,427,486	\$3,600,910	\$2,751,174	<b>\$2,750,200</b>	\$13,529,770
21	South Texas	\$590,349	\$310,519	\$308,710	<b>\$443,965</b>	\$1,653,543
22	Coastal Bend	\$1,148,516	\$446,608	\$546,618	<b>\$590,407</b>	\$2,732,149
23	Lower Rio Grande	\$3,420,022	\$1,067,850	\$1,537,906	<b>\$1,577,574</b>	\$7,603,352
24	Cameron County	\$1,399,301		\$479,513	<b>\$763,597</b>	\$2,642,411
25	Texoma	\$359,225	\$171,142	\$181,746	<b>\$238,497</b>	\$950,610
26	Central Texas	\$770,299	\$421,496	\$408,405	<b>\$448,612</b>	\$2,048,812
27	Middle Rio Grande	\$462,480		\$158,483	<b>\$233,736</b>	\$854,699
28	Gulf Coast	\$12,205,483	\$7,350,000	\$6,701,280	<b>\$7,231,751</b>	\$33,488,514
	<b>Statewide</b>	<b>\$48,479,540</b>	<b>\$25,011,169</b>	<b>\$25,183,826</b>	<b>\$29,293,379</b>	<b>\$127,967,914</b>

**Notes:**

1. Approved by the Commission on May 19, 2020.
2. Contract Action Requests (CARs) approved by program staff through July 24, 2020.
3. Approved by the Commission on July 28, 2020

## Attachment 2

### Board Contract Year 2021 Supplemental Child Care Allocation CCDBG CARES Act Funding

LWDA #	LWDA Name	Initial BCY21 Child Care Allocation <sup>1</sup>	Supplemental CARES Act Funding	Total BCY'21 Child Care Funds
1	Panhandle	\$ 11,864,374	\$ 527,161	\$ 12,391,535
2	South Plains	\$ 11,840,422	\$ 531,573	\$ 12,371,995
3	North Texas	\$ 5,424,911	\$ 242,995	\$ 5,667,906
4	North Central	\$ 50,557,050	\$ 1,768,311	\$ 52,325,361
5	Tarrant County	\$ 51,376,320	\$ 2,209,137	\$ 53,585,457
6	Dallas	\$ 83,193,578	\$ 3,942,554	\$ 87,136,132
7	North East	\$ 7,911,770	\$ 369,901	\$ 8,281,671
8	East Texas	\$ 22,215,964	\$ 1,011,482	\$ 23,227,446
9	West Central	\$ 8,100,368	\$ 359,570	\$ 8,459,938
10	Upper Rio Grande	\$ 29,339,261	\$ 1,395,062	\$ 30,734,323
11	Permian Basin	\$ 11,708,866	\$ 459,449	\$ 12,168,315
12	Concho Valley	\$ 3,428,201	\$ 139,269	\$ 3,567,470
13	Heart of Texas	\$ 10,258,462	\$ 475,385	\$ 10,733,847
14	Capital Area	\$ 26,082,123	\$ 1,059,506	\$ 27,141,629
15	Rural Capital	\$ 18,234,396	\$ 650,769	\$ 18,885,165
16	Brazos Valley	\$ 8,491,854	\$ 368,479	\$ 8,860,333
17	Deep East Texas	\$ 10,530,452	\$ 493,924	\$ 11,024,376
18	Southeast Texas	\$ 10,360,262	\$ 464,701	\$ 10,824,963
19	Golden Crescent	\$ 5,042,066	\$ 223,235	\$ 5,265,301
20	Alamo	\$ 66,072,503	\$ 2,899,005	\$ 68,971,508
21	South Texas	\$ 13,697,634	\$ 689,236	\$ 14,386,870
22	Coastal Bend	\$ 16,421,649	\$ 746,426	\$ 17,168,075
23	Lower Rio Grande	\$ 44,062,056	\$ 2,227,413	\$ 46,289,469
24	Cameron County	\$ 18,743,435	\$ 948,922	\$ 19,692,357
25	Texoma	\$ 4,893,642	\$ 217,317	\$ 5,110,959
26	Central Texas	\$ 13,495,673	\$ 590,241	\$ 14,085,914
27	Middle Rio Grande	\$ 6,351,964	\$ 308,377	\$ 6,660,341
28	Gulf Coast	\$ 184,602,612	\$ 7,980,600	\$ 192,583,212
	<b>Statewide</b>	<b>\$ 754,301,868</b>	<b>\$ 33,300,000</b>	<b>\$ 787,601,868</b>

**Note:**

<sup>1</sup> Approved by the Commission July 28, 2020.