

1 **Discussion Paper**
2 **Work Requirements for Subsidized Child Care**

3 **Background**

4 The federal [Child Care and Development Block Grant \(CCDBG\) Act](#) §658E(c)(2)(N)(i) and (ii)
5 require states to establish a 12-month eligibility period for subsidized child care – as long as a
6 family’s income does not exceed the federal threshold of 85 percent of the state median income
7 (SMI). Although the CCDBG Act requires a 12-month minimum eligibility period,
8 §658E(c)(2)(N)(iii) allows states the option to terminate eligibility due to a permanent (non-
9 temporary) change in work, training, or education. However, states electing this option must
10 continue to provide child care assistance for a period of at least three months to allow parents to
11 engage in job search, resume work, or attend an educational or training program as soon as
12 possible.

13 Under Texas Workforce Commission (TWC) rule [40 TAC §809.51\(b\)](#), if a parent has a
14 permanent job loss, child care must continue for at least three months to provide parents with the
15 opportunity to become reemployed or begin attending an educational or training program (i.e.
16 parents have a three-month job search period). On March 24, 2020, as a result of COVID-19,
17 TWC’s three-member Commission (Commission) [waived this provision](#). Unemployed families
18 could continue to receive subsidized child care for an indefinite period even when they have had
19 a permanent job loss.

20 Additionally, as noted in the COVID-19 [Guidance for Child Care Services Discussion Paper](#)
21 brought before the Commission on March 17, 2020, TWC rules and guidelines provide Local
22 Workforce Development Boards (Boards) with flexibility to respond to unforeseen
23 circumstances, such as those arising from COVID-19. This included the ability to extend
24 recertification periods pursuant to §809.42(b).

25 **Issue**

26 Several COVID-19–related changes have resulted in higher costs for child care (for example,
27 authorizing full-day subsidies when schools closed in the spring). As a result, Boards were not
28 able to serve as many children in Board Contract Year 2020 as initially anticipated. Most Boards
29 have closed enrollment for new children and are placing families on waiting lists for services. In
30 August, all Boards had waiting lists for child care with almost 30,000 statewide waiting to
31 receive child care subsidies.

32 In an effort to direct limited child care funds to those working and in need of child care, the state
33 must determine when to reinstate work and education/training requirements for families
34 receiving subsidies and must consider when to reinstate eligibility redeterminations that have
35 been extended due to COVID-19.

1 **Decision Points**

2 Staff seeks the direction:

3 • Regarding eligibility redeterminations:

4 ○ Discontinuing blanket extensions of 12-month eligibility redeterminations that are
5 based solely on COVID-19 as the extenuating circumstance, effective October 30,
6 2020 and processing all redeterminations upon expiration of their current
7 eligibility period. Any additional extensions may only be authorized on a case-by-
8 case basis, in accordance with TWC rules, [40 TAC §809.42\(b\)](#), as further
9 described in the [Child Care Services Guide, Section D-1005](#).

10 • Regarding three months of child care following permanent job loss:

11 ○ Discontinuing the prior waiver of [40 TAC §809.51\(b\)](#) which allows unemployed
12 families to continue to receive subsidized child care for an indefinite period even
13 when they have a permanent job loss and reinstating the requirement for Boards
14 to provide not less than three months of child care following permanent job loss.

15 ○ Notifying parents immediately that effective November 1, 2020 they may no
16 longer continue to receive subsidized child care indefinitely following a
17 permanent job loss.

18 ○ Parents who have already received three or more months of child care following
19 permanent job loss will be provided four additional weeks of child care to allow
20 them to meet work or education requirements. Therefore, all parents will continue
21 to receive child care through Friday, November 27, 2020.