

**Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)
Child Care Development Block Grant – Prioritization and Use of Funds
Discussion Paper**

Background

The Texas Workforce Commission (TWC) is receiving \$1,135,748,591 in Child Care Development Block Grant (CCDBG) funds from the [Coronavirus Response and Relief Supplemental Appropriations Act, 2021](#) (CRRSA). On February 23, 2021, TWC’s three-member Commission (Commission) approved the [Planned Use of CRRSA Funds Report](#).

Issue 1 – Budgeting and Prioritization of CRRSA Investments

As described in the Planned Use of CRRSA Funds Report, the Commission identified several strategies that TWC may administer with CRSSA funds in order to assist providers in addressing the higher costs they have experienced during COVID, and other activities allowable under CCDBG. With the significant amount of CRRSA funds available, TWC must prioritize the implementation of its investment strategies. Staff seeks the Commission direction on the following prioritization.

Decision Point #1 – Budgeting and Prioritization of CRRSA Investments

First prioritization for the implementation of CRRSA funded projects to focus on:	
Child Care Relief Funding for approx. 14k Providers	\$775 million
Technical Assistance Business Coaches	\$ 15 million
Subtotal First Priority	\$790 million
Future Prioritization of CRRSA funded projects, in the following categories, as further described in the Planned Use of CRRSA Funds Report . Staff will bring forward detailed recommendations on projects within these categories in the future.	
• Low-Income Child-Care Subsidies	\$165.0 million
• Texas Rising Star Support	\$ 85.0 million
• Capacity Expansion	\$ 55.0 million
• Support for Early Childhood Professionals	\$ 7.0 million
• Studies, Reports and Evaluations	\$ 3.0 million
• Administration/Implementation Costs (.5%)	\$ 5.7 million
• Amount Remaining in Reserve	\$ 25.0 million
Subtotal Future Projects	\$345.7 million
Total	\$1,135.7 billion

1 **Issue #2 – Child Care Relief Funding**

2 TWC will implement Child Care Relief Funding for all Child Care Development Fund
3 (CCDF) eligible regulated providers “to support the stability of the child care sector to
4 help providers afford increased operating expenses during the COVID–19 public health
5 emergency.” TWC will administer Relief Funding to approximately 14,000 CCDF-
6 eligible regulated providers (licensed child care centers, licensed child care homes,
7 registered child care homes). Relief Funding is available to all eligible regulated child
8 care providers, as described in CRRSA:

9 “Provided further, That States, Territories, and Tribes shall use a portion of funds
10 appropriated under this heading in this Act to provide assistance to eligible child care
11 providers under section 658P(6) of the CCDBG Act that were not receiving CCDBG
12 assistance prior to the public health emergency as a result of the coronavirus and any
13 renewal of such declaration pursuant to such section 319, **for the purposes of cleaning
14 and sanitation, and other activities necessary to maintain or resume the operation of
15 programs, including for fixed costs and increased operating expenses”**

16
17 Providers must retain the documentation related to their use of Relief Funds for cleaning and
18 sanitation supplies, fixed costs, and/or increased operating expenses.

19 Grant amounts will be calculated based on:

- 20
- 21 • Provider size (licensed capacity) multiplied by the average cost of care at the 75th
22 percentile (based on the TWC [2020 Texas Child Care Market Rate Survey](#) within the
23 provider’s local workforce development area).
 - 24
 - 25 • Quality Rated Providers - an enhanced amount for quality providers, including those who
26 are Texas Rising Star certificated, or have other national accreditation status.
 - 27 ○ The enhance rate was determined based upon the statewide average enhanced
28 rates currently in place for Texas Rising Star, as follows
29 2-Star enhancement of 13%
30 3-Star enhancement of 25%
31 4-Star enhancement of 38%
 - 32 ○ National accredited programs that are recognized in Texas Rising Star¹ will
33 receive the 2-star enhancement of 13%
 - 34
 - 35 • Child Care Deserts - in an effort to support child care programs in areas of the state that
36 are considered child care deserts TWC will provide an enhanced grant amount of 10%. A
37 Child care desert is defined in Texas Labor Code [§302.0461\(b\)\(2\)\(A\)\(i\)](#) an area where
38 the number of children younger than six years of age who have working parents is at least
39 three times greater than the capacity of licensed child care providers in the area,
40

41 Based upon these parameters, a total of approximately \$775,000,000 would support provider
42 grants amounts that equate to approximately 80 percent of a provider’s projected monthly tuition
43 (based on licensed capacity). TWC has calculated examples of grant amounts for Licensed
44 Centers, assuming a licensed capacity of 100; Licensed Homes, assuming a capacity of 10, and
45 Registered Homes, assuming a capacity of 5. These examples are included in Attachment 1.

¹ See page 14 of 59 in the [Texas Rising Star Guidelines](#) for a list of national accreditations.

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2 **Decision Point # 2 – Child Care Relief Grants**

3 Staff seeks the Commission’s direction on implementing Child Care Relief grants, as previously
4 described, with a targeted rollout date of June 1, 2021.

5
6 **Issue #3 – Technical Assistance/Business Coaches**

7 CRRSA notes that as states consider supports to stabilize the child care sector, states “shall
8 publicize widely the availability of, and provide technical assistance to help providers apply for,
9 funding available for such purposes.” TWC can secure Technical Assistance/Business Coaches
10 to assist child care providers in not only accessing Child Care Relief funds, but also ensuring that
11 providers have the infrastructure in place to document and track funding received, to educate
12 providers on other resources available, and to provide general business education support.

13
14 Historically, many child care program administrators struggle with the business side of their
15 work, as it is not a primary part of their early education training or system of ongoing
16 professional supports. The COVID-19 pandemic has further threatened child care finances due to
17 declining or stagnant enrollment, staffing difficulties, unexpected closures, and additional
18 expenses due to sanitization requirements and smaller class sizes. In addition to assistance with
19 the Child Care Relief funding, child care programs need access to financial resources,
20 information, and guidance to help them weather the enduring impacts of the pandemic.

21
22 Technical Assistance/Business Coaches are needed to:

- 23 • help child care providers access TWC’s Child Care Relief funds, access other federal
24 business supports (such as supports available through the Small Business
25 Administration), and ensure that providers have the infrastructure to track and maintain
26 documentation on how the Child Care Relief funds were expended;
- 27 • help them with general business support, which may include strategies for the
28 management of their business, their financial policies and financial operations, and
29 education and training on financial stability; and
- 30 • provide information about the benefits of participating in TWC’s subsidized child care
31 program and the benefits of pursuing Texas Rising Star certification.

32
33 **Decision Point #3 – Technical Assistance/Business Coaches**

34 Staff seeks direction on dedicating up to \$15 million in CRRSA funding to secure Technical
35 Assistance/Business Coaches to provide support to child care programs regarding Child Care
36 Relief funding as well as other business supports available to help support and stabilize the child
37 care industry, as previously described, and to evaluate the impact of these efforts.

**Child Care Relief Grant
Sample Grant Amount Examples**

#	Board Name	Licensed Child Care Center 100 Capacity Quality vs. Regular		Licensed Child Care Home 10 Capacity Quality vs. Regular		Registered Child Care Home 5 Capacity Quality vs. Regular	
1	Panhandle	\$71,376	\$56,461	NA	\$5,065	NA	\$2,430
2	South Plains	\$62,929	\$50,653	NA	\$4,629	NA	\$2,236
3	North Texas	\$64,041	\$50,283	\$5,441	\$4,484	NA	\$2,145
4	North Central Texas	\$84,703	\$68,306	\$7,873	\$6,127	NA	\$2,938
5	Dallas	\$87,041	\$69,203	\$7,939	\$6,112	\$3,656	\$2,914
6	Tarrant	\$90,272	\$71,826	\$7,839	\$6,426	\$3,757	\$3,079
7	Northeast	\$63,658	\$47,661	NA	\$4,284	NA	\$2,057
8	East Texas	\$63,754	\$48,277	\$5,740	\$4,365	NA	\$2,101
9	West Central	\$64,877	\$53,222	\$5,629	\$4,652	\$2,495	\$2,208
10	Borderplex	\$62,649	\$49,350	\$6,111	\$4,428	NA	\$2,125
11	Permian Basin	\$78,575	\$58,784	\$7,150	\$5,181	NA	\$2,468
12	Concho Valley	\$56,294	\$44,915	\$5,632	\$4,081	NA	\$1,968
13	Heart of Texas	\$57,338	\$46,957	\$5,319	\$4,238	\$2,302	\$2,037
14	Capital Area	\$97,924	\$78,602	\$8,709	\$7,061	\$4,033	\$3,389
15	Rural Capital	\$89,760	\$69,731	\$8,239	\$6,266	\$3,398	\$3,007
16	Brazos Valley	\$73,181	\$60,984	\$6,587	\$5,437	\$2,939	\$2,601
17	Deep East Texas	\$63,935	\$48,576	\$5,418	\$4,317	NA	\$2,064
18	Southeast Texas	\$65,233	\$51,040	\$6,385	\$4,627	\$3,075	\$2,228
19	Golden Crescent	\$67,149	\$52,307	NA	\$4,685	NA	\$2,246
20	Alamo	\$79,024	\$62,374	\$7,462	\$5,664	\$3,367	\$2,730
21	South Texas	\$63,613	\$48,875	\$5,529	\$4,405	NA	\$2,117
22	Coastal Bend	\$74,249	\$57,200	\$7,070	\$5,123	\$2,775	\$2,456
23	Lower Rio Grande	\$67,627	\$50,899	\$6,257	\$4,534	\$2,724	\$2,169
24	Cameron	\$66,834	\$50,829	\$6,276	\$4,548	NA	\$2,179
25	Texoma	\$71,950	\$52,518	NA	\$4,717	NA	\$2,263
26	Central Texas	\$63,913	\$49,826	\$5,646	\$4,499	\$2,444	\$2,163
27	Middle Rio	\$55,360	\$42,838	\$4,421	\$3,912	NA	\$1,890
28	Gulf Coast	\$84,012	\$67,074	\$7,713	\$5,982	\$3,501	\$2,863

“NA” – there are no quality rated providers in the workforce area for this provider type

Sample Quality Enhanced Grant amount is based on the average across all Texas Rising Star levels