

TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 12-20
Date:	May 7, 2020
Keyword:	Child Care; Natural Disaster
Effective:	Immediately

To: Local Workforce Development Board Executive Directors
Commission Executive Offices
Integrated Service Area Managers



From: Reagan Miller, Director, Child Care & Early Learning Division

Subject: **COVID-19 and Child Care Income Calculations**

PURPOSE:

The purpose of this WD Letter is to provide guidance to Local Workforce Development Boards (Boards) on calculating family income with economic impact payments and special unemployment assistance as part of the federal response to COVID-19.

RESCISSIONS:

None

BACKGROUND:

On March 27, 2020, the federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted. The CARES Act includes economic impact payments and increased unemployment compensation to qualifying individuals.

Economic Impact Payments

The CARES Act authorizes the Internal Revenue Service (IRS) to issue economic impact payments of up to \$1,200 for individuals with an adjusted gross income (AGI) of up to \$75,000 and \$2,400 for couples filing jointly with an AGI of up to \$150,000, with an additional \$500 for each child under the age of 17. These payments for US taxpayers serve as an advance on a refundable tax credit against 2020 income taxes and are based on the AGI reported on tax returns filed for 2018 or 2019.

Unemployment Compensation Benefits

The CARES Act authorizes federal funding for unemployment benefits for workers affected by COVID-19. Employees who are not eligible for or who have exhausted regular state unemployment benefits may qualify for similar compensation. Additionally, eligible workers will receive an additional \$600 per week for up to four months. Workers who remain unemployed after their state unemployment benefits are exhausted could qualify for an additional 13 weeks of federally funded unemployment compensation.

PROCEDURES:

No Local Flexibility (NLF): This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by “must” or “shall.”

Local Flexibility (LF): This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by “may” or “recommend.”

NLF: Boards must exclude economic impact payments as an income source when calculating family income for child care eligibility. Texas Workforce Commission Chapter 809 Child Care Services rule §809.44(b)(5) requires Boards to exclude onetime cash payments, including tax credits, when calculating family income. Furthermore, [Office of Child Care](#) guidance from the Administration for Children and Families states:

A CCDF [Child Care and Development Fund] Lead Agency should not consider the economic impact payments (up to \$1,200 for qualifying individuals and an additional \$500 per child) as income for CCDF eligibility or co-payment calculations. These payments count as a rebate or advance payment of a credit that are exempted as income. Section 103(d) of the American Taxpayer Relief Act amended the relevant statutory provision, 26 USC §6409, and specifies that, “... any refund (or advance payment with respect to a refundable credit) made to any individual under this title shall not be taken into account as income, and shall not be taken into account as resources for a period of 12 months from receipt, for purposes of determining the eligibility of such individual (or any other individual) for benefits or assistance (or the amount or extent of benefits or assistance) under any Federal program or under any State or local program financed in whole or in part with Federal funds.”

NLF: Boards must exclude any unemployment compensation as an income source when calculating family income for child care eligibility, in accordance with §809.44(b)(12).

INQUIRIES:

Send inquiries regarding this WD Letter to childcare.programassistance@twc.state.tx.us.

REFERENCES:

[HR 748 CARES Act](#)

Texas Workforce Commission Chapter 809 [Child Care Services rule §809.44\(b\)\(5\)](#) and §809.44(b)(12)

[CCDF Frequently Asked Questions in Response to COVID-19](#)