

TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 20-20, Change 2
Date:	February 12, 2021
Keywords:	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 Additional Enhanced Reimbursement Rate Funding Distributions—Update**

PURPOSE:

The purpose of this WD Letter is to provide Local Workforce Development Boards (Boards) with guidance on the extension of enhanced reimbursement rates (ERR) for child care providers.

RESCISSIONS:

WD 20-20, Change 1

BACKGROUND:

On May 19, 2020, the Texas Workforce Commission’s (TWC) three-member Commission (Commission) authorized the use of \$100 million in Child Care and Development Block Grant (CCDBG) Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to support a temporary increase in child care provider reimbursement rates, currently set at 25 percent. A portion of these funds (\$48,479,540) was distributed to Boards based on their estimated need.

The Commission directed staff to make additional funds available to Boards as needed, and TWC staff approved an additional \$25,011,169 to Boards to support the ERR through July 2020. On July 28, 2020, the Commission approved an additional distribution of \$25,183,826 from the \$100 million budgeted to support the estimated costs of the ERR through August 2020.

On August 20, 2020, the Commission authorized the use of an additional \$53.8 million of CCDBG CARES Act funds to continue the ERR through December 2020. The funds were distributed as follows:

- Approximately 50 percent of the funds (\$29,293,379) supported ERR costs for September and October, as outlined in Attachment 1, Additional Funds for Cost Reimbursement of Enhanced Reimbursement Rate CCDBG CARES Act Funding—*Update*.
- The remaining funds were distributed based on updated data and demonstrated need to support the cost reimbursement of ERR in November and December.

On January 19, 2021, the Commission authorized the use of an additional \$81.5 million of CCDBG CARES Act funds to continue the ERR through July 2021. This brings the total budgeted for ERR to \$235.3 million. Boards will be reimbursed based on actual costs and demonstrated need. Reimbursement amounts will be determined based on the number of children enrolled and the cost of care.

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 continue to adjust reimbursement payments to provide the appropriate monthly ERR to providers, except for relative child care providers as defined in TWC Chapter 809 Child Care Services rule §809.2(21), that were open and provided subsidized care at any time during the service month. ERR percentages by service month are as follows:

- January 2021 (full month): 25 percent
- February 2021: 25 percent
- March 2021: 25 percent
- April 2021: 20 percent
- May 2021: 15 percent
- June 2021: 10 percent
- July 2021: 5 percent
- August 2021: ERR discontinued

NLF: Boards must ensure that ERR payments are clearly delineated as separate from regular reimbursement payments. Boards must also communicate that ERR payments are related to COVID-19 and are temporary in nature.

NLF: Boards must retain records of original reimbursement payment amounts and must track the appropriate additional monthly ERR payment. These payments will not be tracked in The Workforce Information System of Texas (TWIST).

NLF: Boards must be aware that TWC will monitor the COVID-19 crisis and the use of funds monthly and will advise Boards as to when to discontinue supplemental payments.

NLF: Boards must be aware that TWC will add the Board Contract Year 2021 (BCY'21) funds to Boards' existing BCY'21 Child Care Formula (CCF) child care grant awards by unilateral amendment.

NLF: Boards must report obligations and expenditures in the Cash Draw and Expenditure Reporting (CDER) system under "CARES—Enhanced Reimbursements Direct Care ONLY-869" for the enhanced reimbursement payments. The CARES categories will be regular (not supplemental) cost categories for the Fiscal Year 2021 CCF child care grant awards.

NLF: Boards must be aware that the direct care service period for BCY'20 ended October 31, 2020. Beginning November 1, 2020, Boards began charging direct care and associated administration and operations costs to their BCY'21 CCF grants.

NLF: Boards must be aware that ERR payments for January 2021 services are retroactive to January 1, 2021. If the Board has already processed reimbursements for January, it must add the past ERR in a future payment cycle.

NLF: If a Board's actual ERR costs exceed estimated projected costs previously submitted to TWC, the Board must submit a Contract Action Request (CAR) for additional funds to bcm@twc.texas.gov with details about the shortfall. Approved funds will be added to the Board's BCY'21 CCF grant and may be used for any overages not previously submitted, including those from BCY'20 service months, as approved in the Board's CAR.

LF: For payments that cross over service months where the ERR percentage drops, the Board may apply the previous month's ERR percentage to the entire payment amount based on local payment practices. For example, a payment for the service month of March 2021 that includes some days of April 2021 may be paid at the 25 percent ERR in effect for March.

ATTACHMENTS:

Attachment 1: Additional Funds for Cost Reimbursement of Enhanced Reimbursement Rate
CCDBG CARES Act Funding—*Update*

Attachment 2: Revisions to WD 20-20, Change 1, Shown in Track Changes

INQUIRIES:

Send inquiries regarding this WD Letter to childcare.programassistance@twc.texas.gov.

REFERENCES:

Coronavirus Aid, Relief, and Economic Security Act

Texas Workforce Commission Chapter 809 Child Care Services Rules