

**Child Care Development Block Grant (CCDBG) COVID-19 Federal Funding
Third Tranche of New Initiatives - MODIFICATION
Discussion Paper**

1 Background

2 On October 19, 2021, the Texas Workforce Commission’s (TWC) three-member Commission
3 (Commission) [approved](#) a methodology and plan for the distribution of \$2.45 billion of American
4 Rescue Plan Act (ARPA) Stabilization Grant funds for 2022 Child Care Relief Funds (CCRF). TWC
5 staff has identified potential changes to the 2022 CCRF initiative to provide greater accountability and
6 ensure funds are expended appropriately.
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8 Issue 1 – 2022 CCRF: Provider Commitment to Continue Operating

9 TWC’s 2021 CCRF initiative focused on helping providers, many of whom had gone into debt, to
10 recover from losses associated with the pandemic. Programs were allowed to use CCRF for expenses
11 retroactively back to January 1, 2021. There was no requirement with the 2021 funds that a provider
12 continue to operate, and some programs did subsequently close.

13 To support the recovery of the child care industry and rebuilding of the supply of available care and
14 given the significantly larger amount of funds being made available to child care providers, the
15 Commission could add a requirement to the 2022 CCRF eligibility criteria that a provider who receives
16 funds must commit to remain open and operating through at least May 2023. Additionally, any
17 provider that receives funds and then fails to continue operating through May 2023 would be subject to
18 monitoring and recoupment of funds.

19 Decision Point 1

20 Staff seeks the Commission’s direction on adding a requirement for 2022 CCRF that providers must
21 commit to remaining open through May 2023.
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23 Issue 2 – 2022 CCRF: Payment and Reporting Frequency

24 In the 2022 CCRF approved methodology, the payment structure was laid out, noting that TWC would
25 provide two equal payments, six months apart. In order to facilitate the expectation for these funds to
26 support ongoing operations, and to assist in sustaining programs in remaining open through at least
27 May 2023, the Commission could consider restructuring the payment parameters. Providers will
28 receive funds in four payments, and prior to each payment, TWC staff will review Child Care
29 Regulation data to confirm that providers remain open and operational. TWC staff will also confirm
30 that providers have submitted required reporting regarding their use of previously received funds prior
31 to issuing subsequent payments.

32 Decision Point 2

33 Staff seeks the Commission’s direction on modifying the 2022 CCRF payment cycle and issuing
34 awarded funds in four quarterly payments, as outlined above.
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2 **Issue 4 – Monitoring 2022 Child Care Relief Funds – up to \$20 million**

3 The ARPA Stabilization Grant directs states to use at least 90 percent of the funds to support awards
4 direct to child care providers, which the Commission is accomplishing through the 2022 CCRF. In
5 addition, the ARPA Stabilization Grant allows states to use up to 10 percent of the funds for certain
6 costs, including the administration of the Stabilization Grant funds. One such administrative cost is the
7 monitoring of child care providers’ use of 2022 CCRF funding. States are also permitted to use
8 intermediaries to assist in the administration of Stabilization Grant funds.

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10 In order to provide appropriate oversight of this significant investment of funds, the Commission could
11 consider dedicating funding specifically to support the monitoring and oversight of providers’ use of
12 these funds, including support for a new CCRF fraud hotline. A robust monitoring plan would include
13 auditing approximately 25 percent, or 1 in 4, CCRF beneficiaries.

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15 **Decision Point 4**

16 Staff seeks the Commission’s direction on dedicating up to \$20 million for the monitoring and
17 oversight of the \$2.45 billion being awarded to child care providers through the 2022 CCRF, as
18 described above.