

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

Background

The Texas Workforce Commission has received increased Child Care and Development Block Grant (CCDBG) funding through several COVID-19 related pieces of federal legislation:

CARES – TWC previously received \$371,663,374 of [Coronavirus Aid, Relief, and Economic Security](#) (CARES) Act funding. The majority of these funds were budgeted to support a temporary enhanced reimbursement rate for subsidy child care providers, and to fund a temporary essential worker child care program.

CRRSA – 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, the Commission approved the [Planned Use of CRRSA Funds Report outlining possible uses for these funds](#).

ARPA – TWC will also receive \$4,424,303,632 CCDBG funding through the [American Rescue Plan Act](#) (ARPA) as follows:

CCDF Discretionary Funds	\$1,703,369,713
CCDF Stabilization Grant Funds	\$2,724,368,837

TWC’s three-member Commission (Commission) will consider additional investments of these funds. See Attachment 1 for an overview of funding.

Issue 1: Low-Income Child Care - \$314.75 million

As of December 2021, all Boards except two have waiting lists for child care. There are over 38,000 children, statewide, on waiting lists. The Commission could budget additional child care stimulus funding for low-income child care, which will allow TWC and the Local Workforce Development Boards (Boards) to support more working families. TWC and the Boards will plan for the expiration of the one-time funds to ensure effective enrollment management and will manage any decreases in the numbers served through the natural attrition of children off care.

The Commission could make the \$314.75 million available in Board Contract Year 2022 (BCY’22), BCY’23 and BCY’24. A smaller portion of the funds could be made available in BCY’22, and larger amounts in BCY’23 and BCY’24 in order to support ramp-up during the end of BCY’22 and continuing to serve a larger number of children in BCY’23 and BCY’24.

Therefore, staff recommends that the Commission consider:

- \$46.25 million be made available in BCY’22 through a Supplemental Distribution
- \$138.75 million be made available in BCY’23, and included in the Planning Estimates
- \$129.75 million be made available in BCY’24, and included in the Planning Estimates

If approved, staff will develop recommendations for the distribution of \$46.25 million in BCY’22 and bring forward those recommendations to the Commission at the next posted Commission Meeting. While final performance targets are yet to be developed, TWC staff

1 estimate that these funds will support at least 15,800 additional children per day from May 2022
2 through September 2022.

3 The Commission previously approved a supplemental distribution of stimulus funding to
4 increase the number of low-income children served in the 4th Tranche. When considering both
5 the prior approved 4th Tranche amounts and amounts in this 7th Tranche, this brings the total
6 BCY'23 and BCY'24 supplemental distributions each to \$260.2 million. TWC staff estimate
7 that this will support an additional 37,300 children per day in BCY'23 and an additional 35,500
8 children per day in BCY'24.

9 **Decision Point**

10 Staff recommends that the Commission approve \$314.75 million in child care stimulus funding
11 for distribution to Local Workforce Development Boards for low-income child care, as described
12 above.

Project	Date Approved	Funding Level
Essential Worker Child Care	March 24, 2020	\$52,400,000
Enhanced Reimbursement Rate	May 19, 2020 July 28, 2020 August 20, 2020 January 12, 2021	\$207,200,000
FY20 Low-Income Child Care	August 20, 2020	\$17,500,000
FY21 Low-Income Child Care	August 20, 2020	\$33,300,000
First Tranche		
2021 Child Care Relief Funds (up to \$775 million)	May 4, 2021	\$58,000,000
TA/Business Coaches	May 4, 2021	\$15,000,000
Second Tranche		
Service Industry Recovery Child Care (up to \$500 million)	June 29, 2021	\$300,000,000
Texas Rising Star Support	June 29, 2021	\$30,000,000
Texas Rising Star Contracted Slots Pilot	June 29, 2021	\$1,200,000
Training: Early Childhood Apprenticeship Program Development	June 29, 2021	\$3,450,000
TWC Program Administration	June 29, 2021	\$5,678,743
Third Tranche, Third Tranche Modification		
2022 Child Care Relief Funds (<i>increased in the 5th Tranche</i>)	October 19, 2021	\$2,451,931,953
TRS Program Administration	October 19, 2021	\$42,500,000
CCRF Program Monitoring	January 11, 2022	\$20,000,000
Fourth Tranche		
FY22-24 Low Income Child Care	November 2, 2021	\$293,200,000
Matching Grants to Improve Quality	November 2, 2021	\$25,000,000
TWC PreK Partnership Expansion	November 2, 2021	\$26,000,000
Training: Professional Development Scholarship Expansion	November 2, 2021	\$7,000,000
Shared Services Alliances	November 2, 2021	\$25,000,000
Studies/Evaluations	November 2, 2021	\$1,602,000
FY22 CCS Provider Enrollment/Growth Support	November 2, 2021	287,000,000
Fifth Tranche		
Outreach/Education Campaigns	February 1, 2022	\$10,000,000
Training: Texas A&M Agri-Life	February 1, 2022	\$8,000,000
Training: HHSC/ECI	February 1, 2022	\$4,545,000
Training: Skills for Small Business/Child Care	February 1, 2022	\$1,000,000
2022 CCRF Increase (<i>bringing total to \$3.45 billion</i>)	February 1, 2022	\$1,000,000,000
Child Care Industry Expansion	February 1, 2022	\$75,000,000
Sixth Tranche		
Child Care Regulation IT Enhancements	March 8, 2022	\$10,700,000
Child Care Business Coaching, extension	March 8, 2022	\$15,000,000
Cost of Quality Calculator Online Tool	March 8, 2022	\$500,000
Seventh Tranche (this Discussion Paper)		
FY22-24 Low Income Child Care	TBD: March 2022	\$314,750,000

Total Approved	\$5,865,457,696
Remaining Balance	\$69,692,819