

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

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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: 2022 Child Care Relief Funds, Ownership Changes

The Commission took several actions to set the parameters and funding available for the 2022 Child Care Relief Fund:

- In October 2020, the Commission [approved](#) \$2.45 billion to support 2022 Child Care Relief Funding (CCRF), and set the eligibility criteria, which included a requirement to be licensed by Child Care Regulation (CCR) no later than February 28, 2022.
- In January 2021 the Commission [amended](#) the eligibility criteria to require that providers commit to remaining open through May 2023.
- In February 2021, the Commission [approved](#) an increase, bringing the total amount available to \$3.45 billion.

Several providers who changed ownership have requested that TWC consider amending the 2022 CCRF eligibility parameters. The Commission’s 2022 CCRF eligibility parameters required child care providers to have been permitted by CCR by February 28, 2022. New owners are required to obtain a new permit from CCR to reflect the ownership change, even if all other aspects of the program (location, teachers, director, licensed capacity) remain the same. These new owners had submitted a request to CCR, but a new permit had not been issued by the TWC deadline of February 28, 2022. Although CCR had not issued a new permit, CCR allowed these providers to continue serving Texas families under the prior owner’s permit. These providers are not eligible, despite remaining open and operating during this time.

1 As the 2022 CCRF was intended to help stabilize existing child care providers, the Commission should
2 consider modifying the eligibility criteria to allow providers who were undergoing ownership changes,
3 and who meet the eligibility requirements below, to apply for the 2022 CCRF.

4 To be eligible for the 2022 CCRF for ownership changes, providers must:

- 5 • have been open and operating under the previous owner’s CCR permit as of February 28, 2022;
- 6 • have received a permit from CCR between March 1, 2022 and May 31, 2022, due to an ownership
7 change at the same location;
- 8 • be open to provide child care services as of May 31, 2022;
- 9 • be in good standing with CCR; and,
- 10 • be committed to remain open at least through May 2023.

11 TWC will notify potentially eligible child care providers of the modification to the eligibility criteria.
12 Providers with ownership changes must submit an application no later than Sunday, July 31, 2022.

13 **Decision Point**

14 Staff recommends that the Commission allow child care providers who were undergoing a change in
15 ownership, as described above, to apply for 2022 Child Care Relief Funding.

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
<u>First Tranche</u>		
2021 Child Care Relief Funds (up to \$775 million)	May 4, 2021	\$583,000,000
TA/Business Coaches	May 4, 2021	\$15,000,000
<u>Second Tranche</u>		
Service Industry Recovery Child Care (up to \$500 million)	June 29, 2021	\$116,800,000
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
<u>Third Tranche, Third Tranche Modification, Ninth Tranche Modification</u> (this Discussion Paper)		
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
<u>Fourth Tranche</u>		
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	\$1,602,500
FY22 CCS Provider Enrollment/Growth Support (up to \$287 million)	November 2, 2021	\$189,000,000
<u>Fifth Tranche</u>		
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
<u>Sixth Tranche</u>		
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

<u>Seventh Tranche</u>		
FY22-24 Low Income Child Care	March 22, 2022	\$314,750,000
<u>Eighth Tranche</u>		
TEA Prek Partnerships	April 18, 2022	\$2,400,000
Total Approved		\$5,588,658,196
Remaining Balance		\$346,492,319

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