

Child Care Development Block Grant (CCDBG) COVID-19 Federal Funding Third Tranche of New Initiatives – 2022 Child Care Relief Funding Discussion Paper

1 Background

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

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

10 CRRSA – TWC is receiving \$1,135,748,591 in Child Care Development Block Grant
11 (CCDBG) funds from the [Coronavirus Response and Relief Supplemental Appropriations](#)
12 [Act, 2021](#) (CRRSA).

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

CCDF Discretionary Funds	\$1,699,934,795
CCDF Stabilization Grant Funds	\$2,724,368,837, at least 90% of which must be expended on grants directly to child care programs (\$2,451,931,953)

21 TWC's three-member Commission (Commission) will consider how to invest the approximately
22 \$2.4 billion in ARPA Stabilization funds that must be spent on grants directly to child care
23 programs.

25 Issue 1 – Child Care Relief Funding, 2022

26 TWC previously implemented a CRRSA-funded Child Care Relief Funding for all Child Care
27 Development Fund (CCDF) eligible regulated providers “to support the stability of the child care
28 sector to help providers afford increased operating expenses during the COVID-19 public health
29 emergency.” TWC can continue this program in Fiscal Year 2022, using ARPA Stabilization
30 funds. ARPA Stabilization funds must be obligated by September 30, 2022 and expended by
31 September 30, 2023.

33 Federal Parameters

34 There are several federal requirements which TWC must take into account:

36 Use of Funds

37 ARPA requires that at least 90 percent of ARPA Stabilization funds be provided directly to
38 qualified child care providers to support the stability of the child care sector during and after
39 the COVID-19 public health emergency. The Office of Child Care (OCC) issued [CCDF-](#)
40 [ACF-IM-2021-02](#) which sets parameters for the use of these funds, noting that they can be

spent “on a variety of key operating expenses, including wages and benefits, rent and utilities, cleaning and sanitization supplies and services, and many other goods and services necessary to maintain or resume child care services.”

Qualified and Eligible Providers

OCC’s guidance in [CCDF-ACF-IM-2021-02](#) notes that the 90 percent Stabilization funds for child care programs are “designed to stabilize existing child care businesses, not fund the start-up of a new child care provider that is not yet an operating business.” OCC issued additional guidance ([OCC Overview of ARPA CC Stabilization Guidance](#)) which outlines the federally required parameters:

1. Must be a “qualified” provider at the time of application, which is defined in ARPA:
 - a. Open to provide child care services; or
 - b. Temporarily closed due to public health, financial hardship or other COVID-19 related reason
2. Must be an “eligible” provider under CCDF, including meeting all CCDF health and safety requirements (in Texas, a CCDF “eligible” program is a regulated child care provider who has a permit from Child Care Regulation).

Administration

OCC requires that applications must be accepted and processed on a rolling basis. And states must post their applications on their website. OCC has encouraged states to limit the burden and bureaucracy on child care providers.

Provider Certifications

ARPA requires that providers affirm that they will comply with three requirements during the life of their award.

1. When open and providing services, implement policies in line with guidance and orders from states, territorial, Tribal, and local authorities, and, to the greatest extent possible, implement policies in line with guidance from the Centers for Disease Control and Prevention (CDC);
2. For each employee, pay at least the same amount in weekly wages and maintain the same benefits. May not involuntarily furlough employees from the date of application submission through the duration of the award; and,
3. To the extent possible, provide relief from copayments and tuition payments for families enrolled in the program, and prioritize relief for families struggling to make payments.

Determining Stabilization Award Amounts

Provider awards must, to the extent practicable, be sufficient in size and duration to support continuous operations for the life of the awards. Award amounts should be based on a provider’s operating expenses. States have wide discretion in how award amounts are formulated, and OCC encourages states to limit the burden on child care providers.

OCC’s guidance also notes that states may use a formula based on general cost estimates for enrollment and age of children and region of operation. In addition, states do not have to

1 determine operating expenses on an individual basis but must have a process for providers to
2 affirm this data as part of their application. OCC has also suggested that states use
3 enrollment and capacity to estimate cost rather than attendance.

4

5 ***Reporting/Data Requirements***

6 OCC has established several reporting requirements:

- 7 • Address, including zip code
- 8 • Race and ethnicity of the center director or family child care owner
- 9 • Gender of the center director or family child care owner
- 10 • Are you serving subsidized children at the time of application
- 11 • If a provider was open or temporarily closed due to COVID at the time of application
- 12 • How awards funds were used
- 13 • Documentation to show they met the 3 required certifications

14

15 In addition, states can establish other reporting requirements.

16

17 **TWC 2022 Relief Funds**

18 The Commission should consider the following parameters to implement 2022 Child Care Relief
19 Funds, using ARPA Stabilization funding:

20

21 ***Use of Federal ARPA Stabilization Funds***

22 Ninety percent of ARPA Stabilization Funds (\$2,451,931,953) will be available for the 2022
23 Child Care Relief Fund initiative.

24

25 ***Qualified and Eligible Providers***

26 Qualified and eligible providers must meet both #1 and #2 below:

- 27 1. Must be either:
 - 28 a. Open to provide child care services on the date of application; or
 - 29 b. Temporarily closed due to public health, financial hardship or other reasons
30 related to the COVID-19 related public health issue
- 31 2. Must be a CCR-permitted licensed center, licensed home or and registered home not
32 on corrective action at the time of application.

33

34 ***Administration***

35 TWC will make funds available on a rolling basis for three months, with the goal of initiating
36 the 2022 CCRF January 2022. TWC will review the CCR permit data on the last day of each
37 month to identify newly permitted programs, and any new permitted providers will receive
38 an email from TWC inviting them to apply. The targeted last date for providers to qualify is
39 February 28, 2022 (i.e., providers must be permitted by CCR on or before February 28,
40 2022). The targeted last date for providers to submit applications is May 31, 2022:

Permitted:	Invitation to Apply Will Be Sent in	Last Date to Submit Application
As of December 31, 2021	January/February 2022	May 31, 2022
Between January 1 - January 31, 2022	February/March 2022	May 31, 2022
Between February 1 - February 28, 2022	March/April 2022	May 31, 2022

1
2 Providers who need assistance with their applications will be able to request help through a
3 CCRF Technical Assistance Call Center.
4

5 ***Provider Application and Certifications***

6 As described in the Office of Child Care's [ARPA Child Care Stabilization Funds Frequently](#)
7 [Asked Questions \(FAQs\)](#), ARPA child care stabilization awards are "benefits to a child care
8 provider and are considered payments made to beneficiaries of a federal program." OCC
9 recommends states develop simple applications that are written in "plain language."

10 Sample applications provided by OCC include a statement that the provider is responsible for
11 maintaining records and documentation on how they used the funds, as well as how they
12 meet the requirements for the three federally required certifications. TWC's online
13 application will include such a statement, providing the mechanism for providers to
14 acknowledge their responsibilities in accepting these funds.
15

16 A sample application will be posted on TWC's website and on childcare.texas.gov, as
17 required by ARPA. Plain language technical assistance resources will also be posted,
18 detailing the types of documentation providers must maintain in relation to these funds.
19

20 Additionally, TWC will emphasize in communications with providers the one-time nature of
21 these funds as a support for pandemic response and economic recovery.
22

23 ***Determining Stabilization Award Amounts***

24 TWC will budget \$2,451,931,953. In line with the goal of reducing the burden and
25 bureaucracy on child care providers and following OCC's guidance that states may use a
26 formula based on general cost estimates for enrollment/capacity and age of children and
27 region of operation, TWC will base the amount each provider receives on the type and size of
28 the program, and the cost of care in their region.
29

30 A provider's base funding is calculated using the following:
31

- 32 • Provider's Total Licensed Capacity, as reflected in CCR's CLASS system. This
33 mirrors the methodology that was used for the 2021 CRRSA-funded CCRF awards.
34
- 35 • The Average Cost of Child Care, at the 75th percentile based on provider type (using
36 the most recent Market Rate Survey) within the provider's local workforce

1 development area). This mirrors the methodology that was used for the 2021
2 CRRSA-funded CCRF awards.
3

4 A provider may receive enhanced funding based on one or more of the following:

5 • Quality Rated Providers –

6 An enhanced amount for quality providers, including those who are Texas Rising Star
7 certificated, or have other national accreditation status. The enhanced amount mirrors
8 the percent that was used for the 2021 CRRSA-funded CCRF awards, as follows:

- 9 ○ 2-Star enhancement of 13%
10 ○ 3-Star enhancement of 25%
11 ○ 4-Star enhancement of 38%

12 • Child Care Deserts – 10%

13 In an effort to support child care programs in areas of the state that are considered
14 child care deserts TWC will provide an enhanced grant amount of 10%. A Child care
15 desert is defined in Texas Labor [Code §302.0461\(b\)\(2\)\(A\)\(i\)](#) an area where the
16 number of children younger than six years of age who have working parents is at least
17 three times greater than the capacity of licensed child care providers in the area. The
18 enhanced amount mirrors the percent that was used for the 2021 CRRSA-funded
19 CCRF awards.

20 • Social Vulnerability Index (SVI) – Based on the SVI score, increase of 5% or 10%

21 The SVI is a CDC measure which uses 15 Census variables to help identify
22 communities that may need additional support before, during or after disasters. See
23 Attachment 2 for more information on the SVI. The degree to which a community
24 exhibits certain social conditions, including high poverty, low percentage of vehicle
25 access, or crowded households, may affect that community's ability to address and
26 respond to financial loss in the event of disaster. Using the CDC's SVI will help
27 TWC address the direction to consider how we are considering support to areas of
28 high need.

- 29 ○ A program located in an area (census tract) with an SVI of .750 or greater will
30 receive a 10% enhanced award amount
31 ○ A program located in an area (census tract) with an SVI of .600-.749 will receive
32 a 5% enhanced award amount

33 A provider's total award amount will be calculated based upon a review of the data elements
34 on the last day of the month, as noted below. Provider amounts will not be modified,
35 regardless of subsequent changes (ex. a provider's amount will not be modified if their
36 licensed capacity changes).

Permitted:	Data as of:
As of December 31, 2021	December 31, 2021
Between January 1 - January 31, 2022	January 31, 2022
Between February 1 - February 28, 2022	February 28, 2022

1 In order to distribute all of the \$2.4 billion, TWC developed a formula based on provider
2 size, location, and the cost of care from the Market Rate Survey and calculated how much a
3 provider would collect in tuition based on this data. TWC also applied the Enhanced
4 Amounts, as described above. TWC then scaled the grant amounts to fully budget all of the
5 \$2.4 billion.

6
7 TWC has calculated initial estimates of the base grant amounts (excluding any enhancements
8 for quality, etc.) for Licensed Centers, assuming a licensed capacity of 100; Licensed Homes,
9 assuming a capacity of 10, and Registered Homes, assuming a capacity of 5 by workforce
10 development area. These examples are included in Attachment 1. These amounts will
11 change, based on the final data that TWC receives from Child Care Regulation on all eligible
12 regulated providers.

13
14 ***Distributing Stabilization Awards & Funds Availability***

15 TWC will distribute funding to providers as follows:

Permitted Date	Invitation to Apply Will Be Sent	1st Half Increment of Funding will be Sent	2nd Half Increment Check will be Sent
As of December 31, 2021	January/February 2022	Upon completion/approval of the Provider's Application	August 2022
Between January 1 - January 31, 2022	February/March 2022	Upon completion/approval of the Provider's Application	September 2022
Between February 1 - February 28, 2022	March/April 2022	Upon completion/approval of the Provider's Application	October 2022

17 Providers will have until May 31, 2023 to expend all funding.
18
19

20 ***Monitoring of Providers***

21 Providers must retain documentation on the use of funding. Providers will be required to
22 provide documentation on the use of funds to TWC, if they are selected for monitoring.
23

24 ARPA requires that providers affirm that they will comply with three requirements during
25 the life of their award, and providers may be requested to provide documentation to support
26 their compliance.

- 27 1. When open and providing services, implement policies in line with guidance and
28 orders from states, territorial, Tribal, and local authorities, and, to the greatest extent
29 possible, implement policies in line with guidance from the Centers for Disease
30 Control and Prevention (CDC);
31 2. For each employee, pay at least the same amount in weekly wages and maintain the
32 same benefits. May not involuntarily furlough employees from the date of application
33 submission through the duration of the award; and,

- 1 3. To the extent possible, provide relief from copayments and tuition payments for
2 families enrolled in the program, and prioritize relief for families struggling to make
3 payments.

4

5 ***Reporting Elements Required in Application***

6 The following OCC required data elements will be collected in the Applications:

- 7 • Address, including zip code
8 • Race and ethnicity of the center director or family child care owner
9 • Gender of the center director or family child care owner
10 • If a provider was open or temporarily closed due to COVID at the time of application

11

12 In addition to the federally required information, TWC will require child care programs
13 applying for 2022 Relief Funding submit the following information in their applications:

- 14
- 15 • If you are temporarily closed due to public health, financial hardship or other reasons
16 related to the COVID-19 related public health issue, what date did you close, and
17 what is your planned re-opening date
18 • By Age Group (infant, toddler, preschool, school aged)
19 ○ Licensed capacity
20 ○ Average enrollment, pre-pandemic
21 ○ Average enrollment, at the time of application
22 ○ Number of vacant seats at the time of application (which will be uploaded to
23 TWC's Availability Portal)
24 • TWC will request additional information to evaluate the impact of 2022 CCRF.
25 Reporting details will be included in the online application portal.

26

27 ***Reporting Elements Required Once Funded***

28 TWC will collect information on how the 2022 CCRF funds were expended, as required by
29 OCC. In addition, TWC will request additional information to evaluate the impact of CCRF.
30 Reporting details will be included in the online application portal.

31

32 **Decision Point 1 – Child Care Relief Grants**

33 Staff seeks the Commission's direction on implementing Child Care Relief grants,
34 as previously described, with a targeted roll-out date of January 2022.

35

36 **Issue 2 – TWC Oversight/Administrative Support – \$42.5 million**

37 TWC will need to procure, contract, oversee and manage several new initiatives with the
38 increase in CCDBG funding. This will include the provision of technical assistance services for
39 child care providers applying for CCRF and may also include additional data analysis efforts to
improve program oversight.

40 The ARPA Discretionary Funds allow states the standard 5 percent, or \$84,996,740, to support
41 administrative costs. TWC should consider budgeting 2.5%, or \$42.5 million, of ARPA
42 Discretionary Funding to support program oversight and administration of the child care program
43 through the end of Federal Fiscal Year 2024 (September 30, 2024).

- 1 **Decision Point 2**
- 2 Staff seeks the Commission's direction on budgeting approximately 2.5% of ARPA
- 3 Discretionary Funds (\$42,500,000,000) to support the administration of services through the end
- 4 of Fiscal Year 2024.

Child Care Relief Grant
Initial Estimate of Base Funding Award Amount

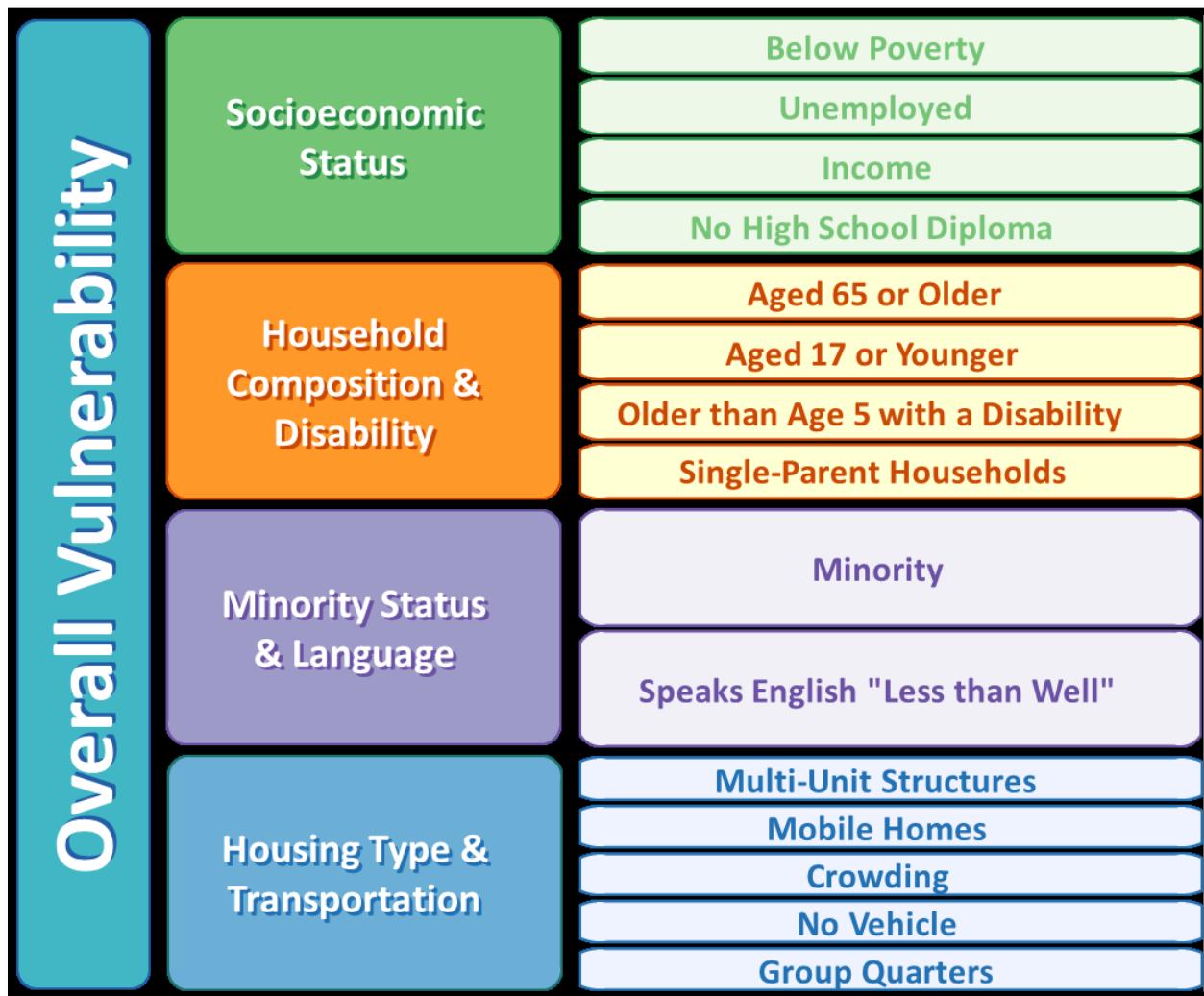
#	Board Name	Licensed Child Care Center 100 Capacity	Licensed Child Care Home 10 Capacity	Registered Child Care Home 5 Capacity
1	Panhandle	\$180,544	\$16,345	\$7,638
2	South Plains	\$168,792	\$15,490	\$7,318
3	North Texas	\$161,314	\$14,636	\$6,784
4	North Central	\$226,481	\$20,405	\$9,455
5	Dallas	\$224,344	\$20,084	\$9,294
6	Tarrant	\$237,164	\$21,580	\$10,042
7	North East Texas	\$149,563	\$13,674	\$6,356
8	East Texas	\$150,631	\$13,888	\$6,517
9	West Central Texas	\$149,563	\$13,461	\$6,250
10	Borderplex	\$154,904	\$13,995	\$6,517
11	Permian Basin	\$186,954	\$16,879	\$7,852
12	Concho Valley	\$142,085	\$13,354	\$6,356
13	Heart of Texas	\$157,041	\$14,422	\$6,730
14	Capital Area	\$268,145	\$24,464	\$11,377
15	Rural Capital	\$231,823	\$20,939	\$9,722
16	Brazos Valley	\$193,363	\$17,520	\$8,173
17	Deep East Texas	\$162,383	\$14,636	\$6,784
18	Southeast Texas	\$164,519	\$15,063	\$7,104
19	Golden Crescent	\$158,109	\$14,529	\$6,837
20	Alamo	\$207,251	\$19,016	\$8,920
21	South Texas	\$163,451	\$14,849	\$6,891
22	Coastal Bend	\$188,022	\$17,093	\$8,012
23	Lower Rio Grande Valley	\$167,724	\$15,277	\$7,104
24	Cameron County	\$170,929	\$15,490	\$7,158
25	Texoma	\$160,246	\$14,529	\$6,784
26	Central Texas	\$155,973	\$14,315	\$6,677
27	Middle Rio Grande	\$145,290	\$13,461	\$6,356
28	Gulf Coast	\$222,208	\$20,084	\$9,294

These estimated Base Award Amounts will change. TWC will review data from Child Care Regulation on the number of eligible regulated providers as of 12/31/21 and will use this data to calculate the final award amounts.

Social Vulnerability Index

The Centers for Disease Control [Social Vulnerability Index](#) (SVI) is a measure that combines 15 demographic variables to identify communities most vulnerable to negative impacts from disasters and public health crises. Social vulnerability refers to the demographic and socioeconomic factors that affect the resilience of communities.

The following diagram illustrates how the overall vulnerability of a community is measured using the SVI:



SVI indicates the relative vulnerability of every U.S. Census tract. Census tracts are assigned an SVI score from 0 to 1 (1 being the most under-resourced areas). Planners use the SVI to help identify communities that will need additional support to recover following an emergency.

In the CDC's [SVI FAQ](#) they explain that a percentile ranking represents the proportion of census tracts that are equal to or lower than a tract of interest in terms of social vulnerability. For example, an SVI ranking of 0.85 signifies that 85% of tracts in the state or nation are less vulnerable than the tract of interest and that 15% of tracts in the state or nation are more vulnerable.

The CDC has posted an interactive SVI map on their website <https://svi.cdc.gov/map.html>. The map provides a county's overall SVI score. Users can zoom into the map to look at more discreet data by census tract.

Several states have indicated that they will use SVI in their funding methodology, including

- Connecticut
- Louisiana
- Massachusetts
- New Mexico
- Oklahoma
- Virginia

Below are some specific examples from states that have implemented their ARPA stabilization grants:

[Louisiana](#) is weighting all stabilization grant amounts based on the following SVI scores:

- Level 1: SVI less than 0.25 = Base x 0.14
- Level 2: SVI greater than or equal to 0.26 and less than 0.50 = Base x 0.16
- Level 3: SVI greater than or equal to 0.51 and less than 0.75 = Base x 0.18
- Level 4: SVI greater than or equal to 0.75 = Base x 0.20

[Connecticut](#) is adjusting stabilization grant amounts based upon the following SVI scores:

- Level 1: SVI greater than or equal to 0.6 and less than 0.8 = Base x 0.25
- Level 2: SVI greater than or equal to 0.8 = Base x 0.35

[Massachusetts](#) is adjusting stabilization grant amounts based on the following SVI scores:

- Level 1: SVI greater than or equal to .55 and less than .75 = Base x .30
- Level 2: SVI greater than or equal to .75 = Base x .40