

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

1 **Background**

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

4
5 CARES – TWC previously received \$371,663,374 of [Coronavirus Aid, Relief, and Economic](#)
6 [Security](#) (CARES) Act funding. The majority of these funds were budgeted to support a temporary
7 enhanced reimbursement rate for subsidy child care providers, and to fund a temporary essential
8 worker child care program.

9
10 CRRSA – TWC is receiving \$1,135,748,591 in Child Care Development Block Grant (CCDBG)
11 funds from the [Coronavirus Response and Relief Supplemental Appropriations Act, 2021](#) (CRRSA).
12 On February 23, 2021, the Commission approved the [Planned Use of CRRSA Funds Report](#)
13 [outlining possible uses for these funds.](#)

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

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

19
20 TWC’s three-member Commission (Commission) will consider additional investments of these one-time
21 stimulus funds. See Attachment 1 for an overview of funding.

22 **Issue 1 – Outreach and Education Campaigns - \$10 million**

23 On February 23, 2021, TWC’s three-member Commission (Commission) approved the [CRRSA Planned](#)
24 [use of Funds Report](#) outlining considerations for the investment of federal child care stimulus funding.
25 Included in the Report is a parent outreach and education campaign on the importance of quality child
26 care, including information about Texas Rising Star, which assists parents in identifying TWC’s quality
27 rated providers. This reflects input the Commission received from the Texas Rising Star Workgroup,
28 whose [recommendations to the Commission](#) included developing an outreach plan to emphasize family
29 and consumer education around selecting high-quality programs, and encouraging and informing
30 programs to remain or become high-quality programs.

31
32 In addition, at the [November 2, 2021 Commission Meeting](#), two public commentors spoke about the
33 staffing shortages that child care providers are experiencing, which results in providers closing
34 classrooms, and being unable to serve as many children as there is capacity. The Commission directed
35 TWC staff to examine opportunities to support a recruitment campaign.

36
37 **Decision Point 1**

38 Staff recommends dedicating \$10 million in federal child care stimulus funds to support child care
39 education and outreach campaigns, including those noted above.

1 **Issue 2 – Strategies to Support Training - \$13,545,000**

2 A qualified and well-trained child care workforce is important in ensuring that we meet the growing
3 need for high quality child care. The federal child care stimulus funds provide an opportunity for the
4 Commission to strengthen TWC’s existing strategies to support the education, training, and ongoing
5 professional development needs of the early childhood workforce. The strategies outlined below will
6 compliment those that have already been approved by the Commission:

- 7 • Early Childhood Apprenticeship Program Development - \$3,450,000
- 8 • Professional Development Scholarships Expansion - \$7,000,000

9
10 Through these complimentary strategies, TWC can expand its support for education, training, and
11 professional development with federal child care stimulus funds.

12 Texas A&M AgriLife Online Trainings - \$8,000,000

13 Texas A&M’s AgriLife Extension Office currently provides many [online child care training courses](#).
14 Courses are available, at a very low cost, to early childhood educators. The fees paid by trainees help to
15 support the training database infrastructure. The Commission could consider supporting enhancements
16 to the AgriLife training offerings to:
17

- 18 • Integrate the AgriLife learning management system with the Texas Early Childhood Professional
19 Development System (TECPDS). This will allow AgriLife online training courses that early
20 childhood educators access to automatically be transferred to TECPDS and reflected within the
21 educators TECPDS workforce registry account.
- 22 • Migrate business courses that were funded by TWC through a contract with the Collaborative for
23 Children into the AgriLife training database.
- 24 • Expand AgriLife training course offerings, including:
 - 25 ○ Starting a Home-Based Child Care Business
 - 26 ○ Starting a Non-Traditional Hours Child Care Program
 - 27 ○ Teaching in Natural Learning Environments
 - 28 ○ Child Care Director Credential Series
 - 29 ○ Child Development Associate (CDA) Alignment
- 30 • Support early childhood professionals with free access to courses, through Fiscal Year 2024, that
31 meet the Child Care Regulation training requirements.

32 Practitioner Training – Early Childhood Intervention (ECI) - \$4,545,000

33 The Health and Human Services Commission (HHSC) oversees the Early Childhood Intervention (ECI)
34 program which serves children from birth to 36 months with a developmental delay or disability. ECI
35 contracts with community-based providers who work with the children and families where they are,
36 which could include in the home or in a child care program, for example.

37
38 Child Find is a mandate that is included under the federal Individuals with Disabilities Education Act
39 (IDEA) and requires states to have policies and procedures in place to locate all children that may
40 qualify for ECI services. With the large number of children attending child care in Texas, ECI has
41 identified a need for increased outreach activities and training for directors, teachers, and others working
42 and supporting these child care programs. When equipped with the appropriate information about ECI
43 services, these child care staff can be instrumental in identifying and directing families to available ECI
44 resources.

1 The Commission could consider providing funds to HHSC/ECI to train and support child care providers,
2 Texas Rising Star mentors, and Infant-Toddler Specialists on conducting developmental screenings,
3 Child Find, and how to work with local ECI providers to jointly serve eligible children, including the
4 following:
5

- 6 • ECI contractors to provide All Together Now and Brain Foundations training to child care
7 programs through individualized on-site training and regional training sessions, including high-
8 need topic areas, such as dealing with challenging behaviors and creating an inclusive classroom.
- 9 • Providing ECI personnel and Texas Rising Star mentor staff with Ages and Stages Questionnaire
10 (ASQ) Train the Trainer content and kits to provide training and support to child care programs
11 they work with and providing child care programs access to ASQ online tools and/or kits.
- 12 • Providing qualifying ECI personnel Level II or Level III Infant Mental Health Endorsement to
13 support equipping the child care programs they work with in managing challenging behaviors in
14 their classrooms.

15 Skills for Small Business for the Child Care Industry - \$1,000,000

16 The Texas Workforce Commission offers the [Skills for Small Business](#) (SSB) program to assist
17 employers with fewer than 100 employees access training for full-time staff. Historically, the SSB
18 funding parameters have excluded training for child care providers. This was done to target more
19 limited SSB resources, in light of the fact that TWC and the Boards have other dedicated training
20 funding for child care. Given the influx of federal child care stimulus funding, TWC could consider
21 supplementing the SSB program with CCDBG stimulus funding, and dedicating these funds specifically
22 for child care programs that meet the following parameters:

- 23 • Child care employer has under 100 employees
- 24 • Training for full-time employees
- 25 • Within a 12-month period, funding for tuition and fees up to:
 - 26 ○ \$1800 per newly hired employee (hired within 12 months of the SSB application date)
 - 27 ○ \$900 per incumbent worker
- 28 • Training provided by a public community or technical college or Texas A&M Engineering
29 Extension Service (TEEX)
- 30 • Training selected from the active course catalogs/schedule – credit, continuing education, online
31 or other available unpublished courses

32 **Decision Point 2**

33 Staff recommends:

- 34 • Supporting Texas AgriLife Training by
 - 35 ○ Dedicating \$8,000,000 in federal child care stimulus funds to enhance and expand early
36 childhood educator online training offerings offered through the TEEX, as described
37 above.
 - 38 ○ Providing ongoing annual support of approximately \$25,000 to Texas A&M AgriLife to
39 support connectivity and data integration with TECPDS. These funds will be considered
40 as part of TWC’s Annual Operating Budget from TWC’s regular CCDF state allocation.
- 41 • Supporting ECI Training by
 - 42 ○ Dedicating \$4,545,000 in federal child care stimulus funds to allow HHSC/ECI to train
43 and support early childhood educators and programs in jointly serving children who may
44 qualify for early intervention services.
- 45 • Supporting Skills for Small Business Training by

- Dedicating \$1,000,000 in federal child care stimulus funds for Skills for Small Business child care specific training, as outlined above.

Issue 3 – 2022 Child Care Relief Funds Expansion - \$ 1 billion

On October 19, 2021 and January 11, 2022, the Commission approved a plan and methodology for distributing \$2.4 billion of ARPA-funded Child Care Relief Funds to eligible child care providers in 2022. Consistent with ARPA Stabilization Grant provisions, the Commission approved broad and flexible use of these funds to assist providers with recovering from the economic effects of the pandemic, noting that staff compensation is an allowable use of CCRF, in addition to other operating costs such as rent, utilities, maintenance/repair expenses, sanitation supplies/services, and personal protective equipment (PPE).

The Commission could consider using additional federal COVID stimulus funding to increase the amount budgeted for CCRF to help support providers. By providing this additional assistance, the Commission could allow providers the flexibility to determine how to best invest these funds to support their child care businesses, and also noting some information that child care providers should consider.

Child care providers and child care advocates have been expressing concern about child care employment levels, and staff compensation and benefits. While child care industry employment has been rising, the increase is slow and has not recovered to pre-pandemic levels. Using data from the Bureau of Labor Statistics, a [report](#) from the Center for the Study of Child Care Employment notes the extensive job losses that the early care and education sector suffered due to COVID-19. As [reported](#) by Business Insider, child care businesses are struggling to find enough workers because they are leaving the industry for better pay. Child care providers should consider if they need to dedicate these increased 2022 CCRF funds to provide enhanced compensation and benefits packages to recruit and retain child care staff. Providers should consider if they want to enhance total compensation benefits packages using 2022 CCRF to provide one-time or time-limited benefits such as:

- Hiring bonuses
- Retention bonuses
- Wage supplements
- Free/reduced cost child care for their staff
- Paid time off
- Teacher classroom supply stipends/reimbursements
- Professional development assistance/tuition reimbursement
- Health insurance/assistance with premiums
- Retirement contributions

Decision Point 3

Staff recommends:

- Dedicating an additional \$ 1 billion of COVID stimulus funding to 2022 CCRF; and
- Following the CCRF distribution methodology approved October 19, 2021 and January 11, 2022.

Issue 4 – Capacity-Building Grants for Child Care Deserts, Infants Capacity, and Employer Site Based Child Care \$75 million

1 The Office of Child Care (OCC) has previously issued [guidance](#) that notes the flexibility that states have
2 in determining the best strategies to build the supply of high-quality child care that meets the needs of
3 children and families in their communities. To help address the impact of the pandemic on the child
4 care industry and on the availability of child care for working parents, the Commission could dedicate
5 funding to support the expansion of available regulated child care.

6 7 Child Care Desert Capacity & Employer Site Based Child Care Start Up Award

8 The Commission should consider making funds available for

- 9 • Child Care Desert Capacity, specifically to support the expansion of regulated child care in
10 child care deserts, defined in [Texas Labor Code §302.0461](#) as an area of the state where the
11 number of children with working parents younger than six is three times greater than the
12 licensed child care capacity. Expansion includes new regulated programs and programs that
13 are expanding their overall capacity. Programs that are purchased by a new owner, but retain
14 the same licensed capacity, would not be considered as expanding the availability of child
15 care and would not be eligible.
- 16 • Employer Site-Based Child Care, to support the expansion of regulated child care that is
17 developed with an employer, or consortium of employers, to address the child care needs of
18 their workforce.

19 20 Child Care Infant Capacity Start Up Award

21 The Commission should consider supporting Child Care Infant Capacity Expansion (ages 0-17
22 months) in all areas of the state.

23 24 Administration of Funding / Allowable Uses of Funding

25 TWC can work with an entity or entities to conduct outreach and education, and to assist potential
26 new child care providers. These entity/entities will provide business planning support and will
27 administer one-time new start up awards to help support the initial costs of opening a new child care
28 program, including, but not limited to:

- 29 • Indoor equipment and furnishings (cribs, changing tables, bookshelves, chairs, tables, rugs, etc.)
- 30 • Office furnishings and equipment (desks, chairs, filing cabinets, computers, software, printers,
31 etc.)
- 32 • Outdoor equipment (playgrounds, shade structures, toys, balls, fencing, infant strollers, etc.)
- 33 • Kitchen supplies, excluding food (appliances, cookware, serving items, etc.)
- 34 • Safety supplies (fire extinguishers, smoke detectors, carbon monoxide detectors, baby gates,
35 outlet covers, etc.)
- 36 • Education supplies/classroom materials (curriculum, books, toys, etc.)
- 37 • Permitting fees (CCR, inspections, etc.)

38
39 CCDF cannot be used for construction, major renovations or the purchase or improvement of
40 land. Major renovation is defined as: (1) structural changes to the foundation, roof, floor, exterior or
41 load-bearing walls of a facility, or the extension of a facility to increase its floor area; or (2)
42 extensive alteration of a facility such as to significantly change its function and purpose, even if
43 such renovation does not include any structural change.

44 45 Business Plan Requirement

46 The Commission could consider requiring all applicants to:

- 47 • Submit a business plan,

- Child Care Desert and Employer Site-Based Capacity Expansion applicants will submit a business plan using the SBA’s [How to Start a Quality Child Care Business](#), Appendix A: Business Plan Outline for Child Care Centers; and
- Child Care Infant Capacity Expansion applicants will submit a modified/targeted business plan addressing the infant expansion provisions.
- Meet with TWC’s contracted entity/entities (virtually) to review their business plan, and
- Participate in technical assistance, as determined necessary by TWC’s contracted entity/entities, to improve their business plan, and to assist in positioning the applicant to operate a successful business.

Start Up Award Amounts

The Start-Up Award would be issued upon approval of their business plan, based on the following amounts:

Start Up Award amounts for general capacity expansion:

Licensed Center 101 or more children	\$75,000
Licensed Center 75-100 children	\$60,000
Licensed Center 50-74 children	\$45,000
Licensed Center 25-49 children	\$30,000
Licensed Center 0-24 children	\$15,000
Licensed Home up to 12 children	\$8,000
Registered Home up to 6 children	\$4,000

Start Up Award amounts for infant capacity expansion:

For new infant capacity expansion in all areas of the state (child care deserts and non-deserts)	\$2,000 per new infant slot (If a provider is opening in a child care desert, this amount is in addition to the Child Care Desert Expansion Start Up Awards that a provider may also receive)
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Initial Operating Awards for Child Care Deserts, Employer Site-Based , and for Infant Capacity

In addition to issuing Child Care Start-Up Awards, the Commission could also consider issuing a Child Care Initial Operating Award, prior to the child care program opening, to assist the provider in its first few months of operation.

- The Child Care Desert Initial Operating Award, and the Employer Site Based Initial Operating Award would be issued when the provider is issued their Initial Operating Permit by Child Care Regulation; and
- The Child Care Infant Initial Operating Award would be issued when the provider is issued their modified Operating Permit by Child Care Regulation

The Child Care Initial Operating Awards will be based on the following methodology:

- 1 • The Child Care Desert Initial Operating Award and the Employer Site Based Initial Operating
2 Award will be based on
3 Provider capacity x MRS 75th Percentile Average Cost x 3 months (63 days)
- 4 • The Child Care Infant Initial Operating Award
5 New Infant Capacity x MRS 75th Percentile Cost for Infants x 3 months (63 days)

6 7 Local Workforce Development Board Support to the Child Care Industry

8 The Commission could consider approving funding for the Local Workforce Development Boards
9 (Boards) to support the child care industry. Boards could identify staff/hire new staff who will focus
10 on child care business outreach and support. Funding would be available through April 2024 to
11 allow Boards to support the child care industry to:

- 12 • Make connections with TWC’s Child Care Provider Expansion entity/entities
- 13 • Make connection with TWC-funded business coaching and business training
- 14 • Educate business on how Workforce Solutions can assist them with hiring support, and other
15 workforce assistance services
- 16 • Learn about participating in the Child Care Services program and the Texas Rising Star quality
17 rating system
- 18 • Make connections with Child Care Regulation to learn about Texas’ regulatory requirements for
19 child care operations
- 20 • Make connections with the Texas Department of Agriculture to learn about the Child and Adult
21 Care Food Program
- 22 • Be aware of the Child Care Availability Portal and the Texas Early Childhood Professional
23 Development System

24 The Commission could require Boards to submit a request to Child Care & Early Learning, outlining
25 the number of staff they will dedicate to child care industry support, and a budget detailing the
26 amount of funding being requested (funding available through April 2024).

27 28 Child Care Regulation Support

29 The Commission could also consider approving a portion of these funds (\$1 million) for Child Care
30 Regulation to allow them additional resources to support the expansion of regulated child care. CCR
31 would hire five temporary positions (funded through April 2024) to assist prospective new child care
32 providers in understanding CCR’s regulatory requirements, understanding how local ordinances may
33 also need to be considered, and in accessing other resources available to assist new child care
34 operations.

35 36 **Decision Point 4**

37 Staff recommends dedicating \$75 million as outlined above, to support child care industry expansion
38 efforts.

Summary of Child Care Stimulus Funding

Funding Source	Obligation & Expenditure Deadlines	Total Appropriated
CARES	obligated by 9/30/2022; expended by 9/30/2023	\$371,663,374
CRRSA	obligated by 9/30/2022; expended by 9/30/2023	\$1,135,748,591
ARPA - 10% Stabilization Admin/TA/Capacity-Building	obligated by 9/30/2022; expended by 9/30/2023	\$272,436,884
ARPA - Stabilization Funds to Providers	obligated by 9/30/2022; expended by 9/30/2023	\$2,451,931,953
ARPA - Discretionary	obligated by 9/30/2023; expended by 9/30/2024	\$1,703,369,713
Total		\$5,935,150,515

Project	Date Approved	Funding Level
Essential Worker Child Care	March 24, 2020	\$52,400,000
Enhanced Reimbursement Rate	May 19, 2020	\$207,200,000
	July 28, 2020	
	August 20, 2020	
	January 12, 2021	
FY20 Low-Income CC	August 20, 2020	\$17,500,000
FY21 Low-Income CC	August 20, 2020	\$33,300,000
First Tranche		
2021 CCRF	May 4, 2021	\$580,000,000
TA/Business Coaches	May 4, 2021	\$15,000,000
Second Tranche		
SIR Child Care	June 28, 2021	\$500,000,000
TRS Supports	June 28, 2021	\$30,000,000
TRS Contracted Slots Pilot	June 28, 2021	\$1,200,000
Training – EC Apprenticeship Pilot	June 28, 2021	\$3,450,000
TWC Program Admin	June 28, 2021	\$5,678,743
Third Tranche		
TWC Program/Admin Costs	October 19, 2021	\$42,500,000
2022 CCRF (<i>modified in the Fifth Tranche to add additional funds</i>)	October 19, 2021	\$2,451,931,953
Monitoring of 2022 CCRF	TBD/January 11, 2022	\$20,000,000

Fourth Tranche		
Low Income Child Care	November 2, 2021	\$293,200,000
Matching Grant to Improve Quality	November 2, 2021	\$25,000,000
Pre-K Partnership Expansion	November 2, 2021	\$26,000,000
Training – PD Scholarships	November 2, 2021	\$7,000,000
Shared Services Alliances	November 2, 2021	\$25,000,000
Studies/Evaluations	November 2, 2021	\$1,602,000
Provider Enrollment/Growth	November 2, 2021	\$287,000,000
		\$4,643,762,696

Project	Date Approved	Recommended Funding Level
Fifth Tranche (this Discussion Paper)		
Outreach/Education Campaigns	TBD/February 1, 2022	\$10,000,000
Training – Texas A&M AgriLife	TBD/February 1, 2022	\$8,000,000
Training – HHSC/ECI	TBD/February 1, 2022	\$4,545,000
Training – Skills for Small Business (SSB)	TBD/February 1, 2022	\$1,000,000
2022 Child Care Relief Funds Expansion <i>(bringing the total to \$3.45 billion)</i>	TBD/February 1, 2022	\$1,000,000,000
Child Care Industry Expansion/Support	TBD/February 1, 2022	\$75,000,000
		\$ 1,098,545,000

Total Approved	\$5,723,507,696
Remaining Balance	\$211,642,819