

Child Care Development Block Grant (CCDBG) COVID-19 Federal Funding Sixth 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: CCR Supports for System Improvements – \$10.7 million

Child Care Regulation manages two automated systems that are essential to administering the CCDBG program in Texas. Childcare Licensing Automated Support System (CLASS) is the automated system that CCR uses to document all inspections and investigations. The Search Texas Child Care website is a searchable website maintained by CCR and includes data imported from CLASS. The public can review information about a provider, including their five-year inspection summary and compliance history. The data shared on the Search Texas Child Care site helps Texas satisfy 42 U.S. Code § 9858c(2)(E), which details the CCDF rule regarding consumer and provider education information. This website was accessed by more than 460,000 visitors in FY 2021.

CCR proposes improvements to the Search Texas Child Care site to enhance its value to Texas families. These improvements would also require changes to CLASS, data exchange processes with TWC, and new data exchanges with TEA. The improvements will modernize the technology, make the site more mobile friendly, and will include several system enhancements:

- 1) add TRS status, accreditation status, and pre-K partnership participation (when available) as fields in CLASS and on the search site;
- 2) updates to data exchange process between TWC and CCR to capture these additional data points and increase efficiency;
- 3) add data exchange processes with TEA; and
- 4) provide hyperlinks to details on state and national accreditation bodies (when applicable) and to the Availability Portal; and,
- 5) Data upload capability, to allow child care providers to upload documents.

CCR also proposes improvements to the CLASS child care provider portal to improve how providers report their status following a disaster. Currently providers report their operating status through responses to manual surveys which are emailed to providers. This enhancement will allow child care providers to report operating status during disasters through the CLASS provider portal.

Additionally, new details will be added in CLASS and the Search Texas Child Care website to ensure complete information regarding child care operation inspections is available to the public. CCR will also create a video tutorial for parents on how to use the online Search Texas Childcare site to identify child care programs that meet their needs and to research compliance history for potential providers. This addition would support parent education and parent choice.

Decision Point 1

Staff recommends dedicating an estimated \$10.7 million in CRRSA/ARPA to CCR system improvement initiatives as described above.

Issue 2: Continuation of Child Care Business Coaching – \$15 million

On May 4, 2021 the Commission [approved](#) funding to support child care business coaches. These coaches are available to assist all regulated child care providers (not just providers that participate in TWC’s Child Care Services program) on how to document and track funding received through the Child Care Relief Fund, and to provide assistance with budgeting, marketing, improving payment collection, reducing costs, and staffing strategies, as highlighted in this [flyer](#). The current funding will support Business Coaching through Summer 2022; additional funding is needed to extend these services

Decision Point 2

Staff recommends that the Commission approve an additional \$15 million for Child Care Business Coaching and extend the availability of these services through May 2023.

Issue 3: PCQC Website – \$500,000

On November 2, 2021, the Commission [approved](#) \$300,000 in CRRSA/ARPA funding for the development of a Provider Cost of Quality Calculator to support a narrow cost analysis that examines the cost of child care at varying levels of quality across the state. As noted in the approved discussion paper, CCDBG requires states to conduct a narrow cost analysis and to consider the data in rate-setting.

In addition to serving as a tool for a narrow cost analysis, a PCQC can also be beneficial to child care providers and other stakeholders to help identify gaps between the cost of providing quality services and the revenue available. This information can help inform the design of local quality improvement efforts, and it can help providers better understand the factors that influence costs.

The Commission could consider dedicating additional funding to develop a public, web-based version of the PCQC that is user-friendly, interactive, and free to use. TWC would procure an entity to develop and maintain the PCQC as well as the public-facing, web-based tool.

Decision Point 3

Staff recommends:

- dedicating an additional \$500,000 of CRRSA/ARPA for the development of a public-facing, web-based, interactive PCQC and maintenance of the website/tool through FY24, bringing the total amount approved for this initiative to \$800,000; and
- budgeting for ongoing maintenance and data refreshes of the PCQC through TWC’s Annual Operating Budget, beginning in FY25 (estimated \$125,000 annually).

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	June 29, 2021	\$500,000,000
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 (this Discussion Paper)		
Child Care Regulation IT Enhancements	TBD: March 2022	\$10,700,000
Child Care Business Coaching, extension	TBD: March 2022	\$15,000,000
Cost of Quality Calculator Online Tool	TBD: March 2022	\$500,000
		\$25,700,000
Total Approved		\$5,750,007,696
Remaining Balance		\$818,442,819