

COVID-19: Child Care PSOC & Essential Worker Care Discussion Paper

1 **Background**

2 On March 24, 2020, the Texas Workforce Commission’s (TWC) three-member commission
3 (Commission) authorized the distribution of \$200 million to Local Workforce Development
4 Boards (Boards) to support TWC COVID-19 Essential Worker Child Care - funding three
5 months of child care for TWC prioritized essential workers.

6 And on April 14, 2020, the Commission authorized the use of these funds to support enhanced
7 reimbursement rates for child care providers, based on the increased cost of child care as the
8 result of lower classroom sizes/ratios. Then enhanced rate is currently set at 25 percent.

9 **Issue 1 – COVID Essential Worker Child Care**

10 Boards began enrolling essential worker children into care in early April. Information on
11 Essential Worker Child Care has been available through the TWC webpage, the Frontline Child
12 Care webpage, and on each Board’s website. Since that time, Boards have been processing
13 applications; these applications reflect the need that exists. Essential workers who need
14 subsidized child care have had over a month to access this benefit. Based on this, TWC assumes
15 that the most critical needs for subsidized child care for essential workers have been addressed.

16 **Decision Point 1:**

17 Staff seeks direction on accepting and processing new applications for TWC COVID-19
18 Essential Worker child care through Wednesday May 20th; applications received after May 20th
19 will not be approved/processed.

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21 **Issue 2 – Parent Share of Cost for At-Risk Child Care**

22 TWC waived the Parent Share of Cost (PSOC) for all At-Risk families, effective April 1st.
23 TWC noted that many parents would likely be unable to pay their PSOC due to loss of income,
24 quarantine, or unforeseen health care expenses. Additionally, because child care is currently only
25 available to essential workers, non-essential workers who are not allowed to bring their children
26 to child care will not want to pay a PSOC. In order to offset lost PSOC payments to open child
27 care programs. TWC is currently paying 100 percent of the cost of care.

28 If non-essential workers’ children are allowed to use regulated child care programs, they will
29 again be able to work, and to begin paying their PSOC. In the event some parents are unable to
30 pay their PSOC due to COVID, TWC rules allow for a temporary reduction due to extenuating
31 circumstances (40 TAC §809.19 (g)).

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1 **Decision Point 2:**

2 Staff seeks direction on aligning the reinstatement of the monthly PSOC for At-Risk child care
3 with the-opening of child care to non-essential workers. If the Governor modifies the existing
4 Executive Order to open child care to non-essential parents, TWC will reinstate the PSOC.

5 **Issue 3 – Deobligation and Redistribution of Funds to Support the Enhanced**
6 **Reimbursement Rate for Open Providers**

7 Since distributing the \$200 million in funds in mid-April, staff have analyzed the trends around
8 provider open/closed status. Based on this analysis, staff have determined that a significant
9 portion of the funds will be required for enhanced reimbursement rates, currently set at 25
10 percent, to providers that remain open. However, the original distribution did not account for the
11 varying proportion of open versus closed providers across Board areas, and therefore did not
12 adequately fund some Board areas for these costs.

13 TWC should consider deobligating a portion of the \$200 million and redistributing the funds
14 based on actual Board need to cover the cost of the enhanced reimbursement payments. This will
15 ensure that funds can be directed to the areas of the state that have additional child care providers
16 that re-open and qualify for the enhanced reimbursement rate.

17 **Decision Point 3:**

18 Staff seeks direction on:

- 19 • deobligating \$100 million of the \$200 million April COVID-19 supplemental distribution
20 to Boards and directing these funds to support enhanced provider reimbursement rates;
21 and
22 • redistributing a portion of these funds based on each Board’s estimated need, as described
23 in Attachment 1; and
24 • distributing additional funds to Boards based upon actual need.

LWDA Name	#	Initial Distribution for Enhanced Reimbursement Rates
Panhandle	1	\$702,305
South Plains	2	\$762,984
North Texas	3	\$338,803
North Central	4	\$2,989,128
Tarrant County	5	\$3,449,903
Dallas	6	\$5,917,221
North East	7	\$534,299
East Texas	8	\$1,435,965
West Central	9	\$556,345
Borderplex	10	\$1,839,103
Permian Basin	11	\$706,759
Concho Valley	12	\$167,172
Heart of Texas	13	\$417,062
Capital Area	14	\$1,074,656
Rural Capital	15	\$924,722
Brazos Valley	16	\$451,359
Deep East Texas	17	\$645,070
Southeast Texas	18	\$441,664
Golden Crescent	19	\$341,859
Alamo	20	\$4,427,486
South Texas	21	\$590,349
Coastal Bend	22	\$1,148,516
Lower Rio Grande	23	\$3,420,022
Cameron County	24	\$1,399,301
Texoma	25	\$359,225
Central Texas	26	\$770,299
Middle Rio Grande	27	\$462,480
Gulf Coast	28	\$12,205,483
Sum of Boards		\$48,479,540