

1 **COVID-19 CARES Act Funds for the Enhanced Reimbursement Rate**
2 **Discussion Paper**
3

4 **Background**

5 On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (*CARES Act*) was
6 enacted, which included approximately \$371 million in Child Care Development Block Grant
7 (CCDBG) funds for Texas. These funds may be used on any allowable CCDBG to help address the
8 impact of COVID-19.

9 To date, the Texas Workforce Commission’s (TWC) three-member Commission (Commission) has
10 authorized a total of \$153.8 million of CCDBG CARES Act funds to support a 25 percent Enhanced
11 Reimbursement Rate (ERR) through December 2020. The ERR is a temporary measure put into place
12 to help subsidized child care providers address the higher operating costs they are facing as a result of
13 COVID. Of the \$153.8 million approved to support the ERR through December 2020, \$144.2 million
14 has been distributed based on estimated actual need (Attachment 1). Actual reimbursements through
15 December will be adjusted according to actual/demonstrated need.

16 **Issue**

17 Child care providers continue to experience lower overall enrollment numbers and reduced tuition
18 collection, while also needing to maintain their fixed operational and administrative costs. The
19 COVID-19 pandemic has also required that child care providers purchase and continually replenish
20 cleaning supplies and personal protective equipment.

21 The Commission may consider a stair-stepped reduction to the ERR, phasing out this temporary
22 enhanced rate in July 2021. An extension will assist child care providers serving subsidized children
23 address their higher operating costs. Gradually reducing the ERR over a period of months will provide
24 a transition period to move away and phase out this temporary enhanced rate.

25 **Decision Point**

26 Staff seeks the Commission’s direction on:

- 27 • authorizing the use of approximately \$81.5 million of CCDBG CARES Act funds to extend the
28 25 percent Enhanced Reimbursement Rate through July 2021, as follows:
29

25% ERR in January	Estimated cost of \$16,300,000
25% ERR in February	Estimated cost of \$16,300,000
25% ERR in March	Estimated cost of \$16,300,000
20% ERR in April	Estimated cost of \$13,040,000
15% ERR in May	Estimated cost of \$ 9,780,000
10% ERR in June	Estimated cost of \$ 6,520,000
5% ERR in July	Estimated cost of \$ 3,260,000
Total Estimated Cost	\$81,500,000

- 30 • reimbursing Boards based on actual costs/demonstrated need; actual reimbursement amounts
31 will be determined based on the number of children enrolled/cost of care.

**Additional Funds for Cost Reimbursement of Enhanced Reimbursement Rate
CCDBG CARES Act Funding—Distributions to Support ERR Through December 2020**

LWDA #	LWDA Name	First Distribution ¹	Approved Funding Requests ²	Second Distribution ³	Third Distribution ⁴	Fourth Distribution ⁵	Total ERR Distribution
1	Panhandle	\$702,305	\$483,462	\$406,339	\$401,080	\$161,591	\$2,154,777
2	South Plains	\$762,984	\$506,287	\$434,954	\$586,924	\$207,035	\$2,498,184
3	North Texas	\$338,803	\$232,953	\$195,930	\$186,868	\$61,865	\$1,016,419
4	North Central	\$2,989,128	\$1,004,639	\$1,368,586	\$1,799,201	\$830,203	\$7,991,757
5	Tarrant County	\$3,449,903	\$2,729,034	\$2,117,401	\$2,071,902	\$977,039	\$11,345,279
6	Dallas	\$5,917,221	\$1,260,000	\$2,459,493	\$3,817,780	\$4,505,217	\$17,959,711
7	North East	\$534,299	\$138,600	\$230,589	\$288,143	\$160,820	\$1,352,451
8	East Texas	\$1,435,965	\$713,553	\$736,598	\$853,028	—	\$3,739,144
9	West Central	\$556,345	\$225,750	\$268,009	\$322,849	\$157,086	\$1,530,039
10	Borderplex	\$1,839,103	\$840,000	\$918,076	\$980,017	\$174,558	\$4,751,754
11	Permian Basin	\$706,759	\$313,276	\$349,546	\$396,519	\$250,000	\$2,016,100
12	Concho Valley	\$167,172	\$69,691	\$81,168	\$108,541	\$358,686	\$785,258
13	Heart of Texas	\$417,062	\$243,233	\$226,270	\$318,232	\$789,392	\$1,994,189
14	Capital Area	\$1,074,656	\$1,024,800	\$719,442	\$907,968	\$848,984	\$4,575,850
15	Rural Capital	\$924,722	\$1,046,845	\$675,617	\$694,533	—	\$3,341,717
16	Brazos Valley	\$451,359	\$272,594	\$248,085	\$331,851	\$201,542	\$1,505,431
17	Deep East Texas	\$645,070	—	\$221,053	\$369,403	\$627,529	\$1,863,055
18	Southeast Texas	\$441,664	\$537,927	\$335,687	\$419,555	\$193,000	\$1,927,833
19	Golden Crescent	\$341,859	—	\$117,148	\$160,646	\$164,339	\$783,992
20	Alamo	\$4,427,486	\$3,600,910	\$2,751,174	\$2,750,200	\$528,402	\$14,058,172
21	South Texas	\$590,349	\$310,519	\$308,710	\$443,965	\$83,695	\$1,737,238
22	Coastal Bend	\$1,148,516	\$446,608	\$546,618	\$590,407	\$877,375	\$3,609,524
23	Lower Rio Grande	\$3,420,022	\$1,067,850	\$1,537,906	\$1,577,574	\$176,335	\$7,779,687
24	Cameron County	\$1,399,301	—	\$479,513	\$763,597	\$1,007,462	\$3,649,873
25	Texoma	\$359,225	\$171,142	\$181,746	\$238,497	\$63,004	\$1,013,614
26	Central Texas	\$770,299	\$421,496	\$408,405	\$448,612	—	\$2,048,812
27	Middle Rio Grande	\$462,480	—	\$158,483	\$233,736	\$299,325	\$1,154,024
28	Gulf Coast	\$12,205,483	\$7,350,000	\$6,701,280	\$7,231,751	\$2,811,910	\$36,300,424
	Statewide	\$48,479,540	\$25,011,169	\$25,183,826	\$29,293,379	\$16,516,394	\$144,484,308

Notes:

1. Approved by TWC's three-member Commission (Commission) on May 19, 2020
2. Contract Action Requests (CARs) approved by program staff through July 24, 2020
3. Approved by the Commission on July 28, 2020
4. Approved by the Commission on August 20, 2020
5. Approved by the Commission on August 20, 2020, and distributed to Boards based on need (the total amount is \$266,000 higher than the amount published in WD 20-20 Change 1, based on requests from Permian for \$250,000 and from North Texas for \$16,000)