



## MEMORANDUM

**TO:** Mayor and Council Members

**THRU:** Rodney Gonzales, Assistant City Manager

**FROM:** Sylnovia Holt Rabb, Interim Director *SHR*

**DATE:** July 9, 2020

**SUBJECT:** Revising Eligibility Criteria for the Austin Childcare Business Relief Grant

The purpose of this memo is to provide an update regarding proposed revisions to the eligibility criteria for the Childcare Support Fund (now called the Austin Childcare Business Relief Grant). To ensure the Mayor and City Council members have enough time to review these proposed revisions, City staff set July 21, 2020 as the target date to begin accepting grant applications for this program.

### **Background**

The City Council created the Childcare Support Fund in [Resolution No. 20200507-023](#). The resolution appropriated \$1 million for this program and set the following eligibility criteria: serve families that receive childcare subsidies; have at least a 2-star rating under the Texas Rising Star system; have not received Payroll Protection Program funds; have been impacted by COVID-19 related disruptions; and/or have virus mitigation and protective equipment needs.

The City Council reaffirmed funding for the Childcare Support Fund in [Resolution No. 20200604-040](#), which allocated \$2 million to Childcare Service Provider Assistance. City staff initially interpreted the City Council's action as allocating \$2 million for the Childcare Support Fund. However, the Budget Office clarified on Friday, June 26, 2020 that \$1 million is available for the Childcare Support Fund. The remaining \$1 million is from CARES Act Community Development Block Grant funds that will be administered by Austin Public Health.

The City Council also authorized ratification of a contract with United Way of Greater Austin to administer the Childcare Fund grant program ([Resolution No. 20200611-102](#)).

### **Staff Recommendations**

The eligibility criteria from Resolution No. 20200507-023 significantly limits the number eligible childcare centers for this program. Specifically, the Texas Rising Star rating disqualifies many childcare centers serving east and northeast Austin neighborhoods. Furthermore, information provided by the United Way of Greater Austin shows only 52 of 182 Austin-based childcare centers could be eligible for funds due to eligibility criteria related to the Texas Rising Star certification and the Paycheck Protection Program.

After discussing these issues with the City Council's Economic Recovery Panel, the Equity Office, Austin Public Health, Neighborhood Housing and Community Development, and United Way of Greater Austin,

**Economic Development Department staff requested revising the 2-star Texas Rising Star rating requirement and removing the criterion regarding the Paycheck Protection Program.** Below are reasons for this request.

#### **Revising the 2-Star Texas Rising Star Rating Requirement**

Texas Rising Star is a voluntary rating system of childcare providers participating in the Texas Workforce Commission's subsidized childcare program. Texas Rising Star certification is available to Licensed Center and Licensed and Registered Child Care Home providers who meet the certification criteria. The Texas Rising Star certification system offers three levels of certification (Two-Star, Three-Star, and Four-Star) to encourage providers to attain progressively higher certification requirements leading to a Four-Star level.

Appendix A displays a map of Texas Rising Star-rated childcare centers in Austin as of June 30, 2020. The map reveals that there is a disproportionate number of Texas Rising Star-rated childcare centers on the west side of Austin, and relatively few certified centers on the east side. Even more concerning is the extremely low number of certified centers in Northeast Austin, where many of our city's most marginalized and underserved households reside.

Given the clear equity issue presented by this eligibility criterion, Economic Development Department staff recommend revising the Texas Rising Star rating requirement by including childcare centers that are willing to begin the Texas Rising Star assessment process. This revision would not only allow more childcare centers to be considered eligible for the grant program, but also incentivize more childcare centers in Austin to align their operations with the Texas Rising Star quality standards.

Furthermore, this action would align with the City's equity and affordability values, support Strategic Direction 2023 outcomes associated with Economic Opportunity and Affordability and Government That Works for All, and meet City Council's intent to serve the most vulnerable members of our community.

#### **Removing Paycheck Protection Program Requirement**

The ATX Child Care Task Force and the Success by 6 Coalition surveyed childcare businesses in May 2020 to understand how the COVID-19 pandemic impacted childcare operations. A copy of the survey results is attached.

One hundred sixty-six childcare centers completed the survey. The majority (84%) of the respondents are in Austin's city limits. Survey results show that almost 70% of childcare centers applied for a U.S. Small Business Administration loan, including the Paycheck Protection Program, and 85% were approved for a loan. However, the federal funds for many centers were either inadequate to cover ongoing operating costs or have expired. Childcare operators remain concerned with having enough funding to retain their staff, maintain health and safety standards, and pay expenses like rent and utility bills.

Economic Development Department staff recommend removing the Paycheck Protection Program requirement so the City can support childcare centers' ongoing operating costs and expenses not covered by the Paycheck Protection Program. This action would provide childcare centers with sorely needed support to remain open, keep teachers and staff on payroll, and acquire supplies to meet local, state, and federal health and safety guidelines.

Furthermore, this action would also align with the City's equity and affordability values, support Strategic Direction 2023 outcomes associated with Economic Opportunity and Affordability, and meet City Council's intent to serve the most vulnerable members of our community.

### Conclusion

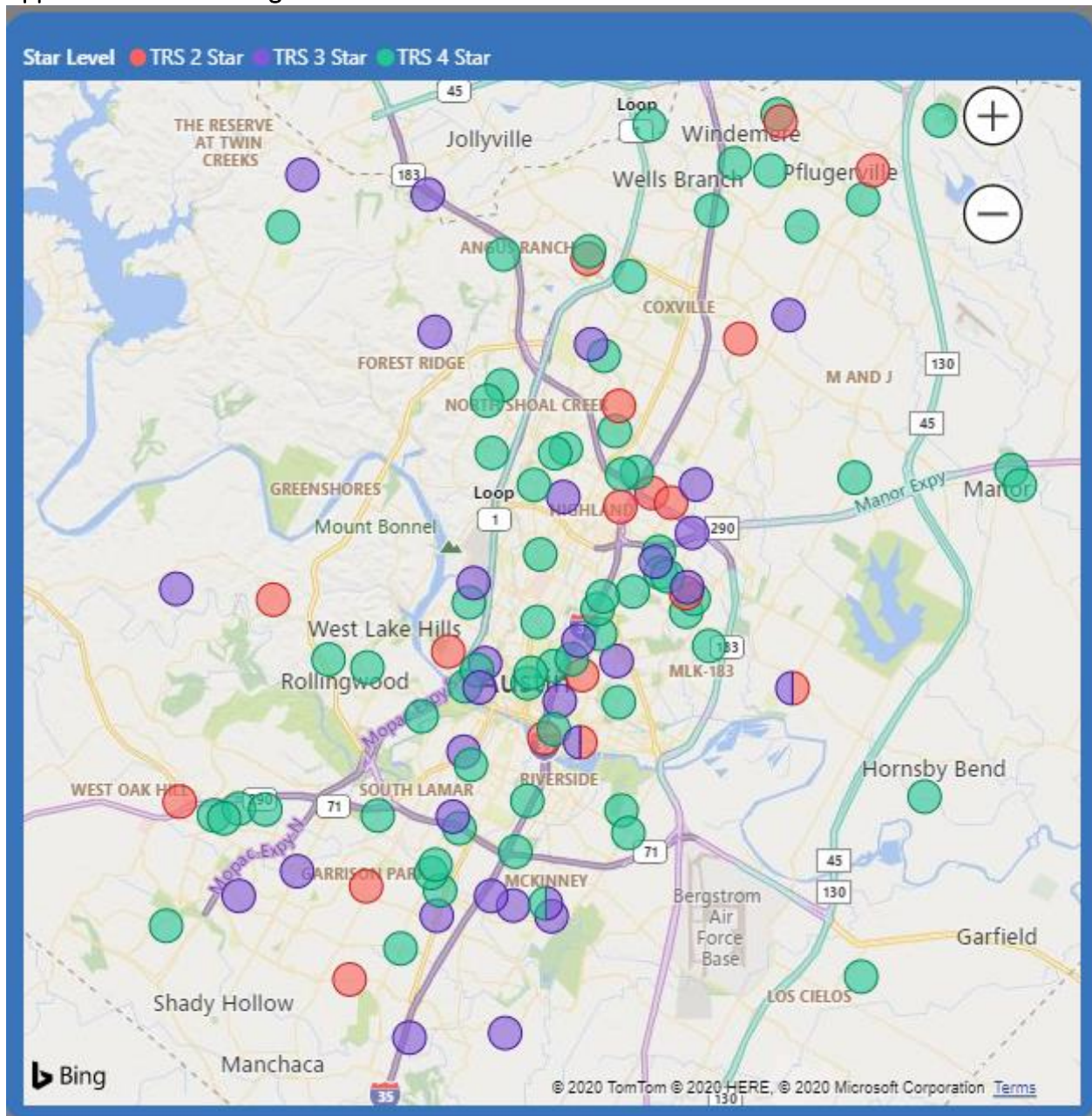
Revising the 2-star Texas Rising Star rating requirement and removing the Paycheck Protection Program criterion are two practical and effective steps that will improve the effectiveness and impact of this grant program. EDD staff will proceed with developing the Austin Childcare Business Relief Grant program based on these two changes, and the program is anticipated to be available for applications by mid-July. A resolution to ratify the changes would be presented for City Council consideration on the July 30<sup>th</sup> City Council agenda.

Please contact me at (512) 974-3131 or [Sylvia.Holt-Rabb@austintexas.gov](mailto:Sylvia.Holt-Rabb@austintexas.gov) if you have questions regarding this recommendation.

cc: Spencer Cronk, City Manager  
Nuria Rivera-Vandermyde, Deputy City Manager  
Rodney Gonzales, Assistant City Manager  
CMO Executive Team  
Veronica Briseño, Chief Economic Recovery Officer  
Joy Miller, Program Manager III

Attachment

## Appendix A: Texas Rising Star-Rated Childcare Centers in Austin



Source: "Map of Texas Rising Star Certified Providers." Texas Workforce Commission. View map online at <https://texasrisingstar.org/parents/trs-map/>.