



2022 Child Care Relief Fund

DOCUMENTING EXPENSES & PREPARING FOR MONITORING

About the 2022 Child Care Relief Fund

The COVID-19 pandemic has taken a great toll on Texas businesses, especially those within the child care industry. In 2021, The Texas Workforce Commission (TWC) introduced the Child Care Relief Fund (CCRF) to help child care businesses like yours recover from the pandemic.

TWC is now launching a second round of funding in early 2022 to help build back your child care program stronger than before so that your business can thrive in the post-pandemic economy. As with the first round of funding, the 2022 Child Care Relief Fund reimburses eligible child care providers for allowable expenses incurred between September 1, 2021 and May 31, 2023.

Child Care Relief Fund Reporting

Providers who are approved for the CCRF 2022 will receive their total award across four equal quarterly payments. After successfully applying, there is no additional action necessary to receive the first payment. Payments will typically be issued within seven days of the application approval date. But, in order to receive their second, third, and fourth payments, providers will have to first report on how they have used the CCRF funds they already received. So, you must report on how you spent your first payment before receiving your second.

Child Care Relief Fund Monitoring

A selected group of child care providers will be required to participate in the TWC monitoring process, during which documentation will be reviewed to verify that funds were spent on allowable expenses. **If selected for monitoring by TWC, participation in monitoring is mandatory.** We highly recommend that you take the steps to properly document your expenses now as child care programs selected for monitoring **must supply their records to TWC within 15 days of being notified** or face possible recoupment of funds. Whether you are selected for monitoring or not, child care programs are required to maintain records for three (3) years after the relief fund ends. This includes receipts, invoices, and other documentation that support how all funds were expended.

This guide will help you to better understand what types of expenses are considered allowable for coverage by the relief fund, how to make sure you have proper documentation of these expenses, and what to expect during the monitoring process, if you are selected.

At any time, you can [contact the technical assistance team](#) with any general monitoring questions. More resources are available at childcare.texas.gov where you can also [sign up for one-on-one business coaching](#) for individualized assistance with documenting expenses and preparing for monitoring.

Understanding Allowable Expenses

How can I use my funds?

Funding received through the 2022 Child Care Relief Fund must only be spent on allowable expenses or you may be at risk for being asked to return your money. Generally, eligible expenses are those incurred **between September 1, 2021 and May 31, 2023 that are necessary to maintain or resume operations**, including fixed costs and increased operating expenses.

Federal Requirements

As part of the terms and conditions of receiving 2022 relief funding, child care providers must certify that:

1. When open and providing services, implement policies in line with the guidance and orders from corresponding state and local authorities and, to the greatest extent possible, implement policies in line with guidance from the [Centers for Disease Control and Prevention \(CDC\)](#).
2. For each staff member, pay at least the same amount in weekly wages and maintain the same benefits for the duration of the award. Providers may not involuntarily furlough employees from the date of application submission through the duration of the award.
3. To the extent possible, provide relief from co-payments and tuition payments for the families enrolled in the provider's program, prioritizing relief for families struggling to make these payments and those making under 85% of State Median Income for a family of the same size (more information is available [on the Texas Workforce Commission Website](#)).

Complying with Federal Requirements

You most likely have everything you need already to verify that you are in compliance with these three certifications:

- 1. Health Practices Certification:** Child care providers in good standing with licensing, specifically regarding their health practices, will be able to use their proof of good standing to verify compliance.
- 2. Wages and Benefits Certification:** A comparison of your payroll records for any W-2 at the time of application can be compared to your payroll records at the time of monitoring.
- 3. Tuition Relief Certification:** Is there an option to support families with children in your care with relief funding? If you have a policy in place already, keep a copy handy in case you need it. If you don't already have a policy in place, consider the following questions as you create one:
 - Do you have a policy?
 - Why or why not?
 - Who does the policy help?
 - How do you determine that it helped them?

To learn more about developing a tuition assistance policy for your business, see [How do I create a tuition assistance policy?](#)

Gathering Your Documentation

What do I need documentation for?

If you are selected for monitoring, you will need documentation of your spending. Whether you think you will be monitored or not, we highly recommend keeping organized documentation of your expenses. If you are selected for monitoring, you will need to **submit your receipts within 15 days**. In addition to keeping your documentation organized in advance of monitoring requests, it is also a good idea to gather receipts for more expenses than you claimed reimbursement for, so you are covered if any of your expenses are ruled ineligible by TWC. Before finding your receipts, create a file or get a large manila envelope ready for your receipts. It is very important that you hold onto them for three years, so you will want to have a way to keep the receipts safe until you need them.

How do I make sure I have everything I need?

The Child Care Relief Fund offers financial relief to child care providers across the state to help with everyday expenses during the pandemic. The CCRF will help with costs incurred between September 1, 2021 and May 31, 2023 that you can document through receipts and similar proof of payment. The task of gathering all of your information about expenses and documentation between September 1, 2021 and May 31, 2023 can seem daunting, but breaking down the steps can help make the process more manageable.

Step 1: Figure Out Your Past Expenses

First, go month by month through your records beginning September 1, 2021 to review:

- Receipts you have already collected
- Your credit card bills
- App-based system payments (such as Venmo, Zella, PayPal, and Square Cash)
- Bank statements and canceled checks
- Third-party payroll systems (like ADP, Gusto, or Paychex)

You will need a proof of payment like a receipt, or an invoice marked “paid” for every cost that you are receiving reimbursement for through the Child Care Relief Fund. Unless the purpose is clear (such as a payment to the local electric company), you will need to show exactly what you purchased. Remember, as a general rule, allowable expenses must be *necessary to maintain or resume operations*. Be sure to collect information about the following common business expenses for each month:

- **Rent or Mortgage and Insurance:** The actual amount you paid for mortgage or rent, and insurance. (Home-based child care providers can be reimbursed for business use.)
- **Utility Costs:** The actual amount you paid for utilities (must be clearly for business use), including gas, electricity, telephone, and internet. *Home-based family child care providers will need to use the [Time-Space Calculation](#) for utilities like gas and electricity to determine how much qualifies as business use — this process is explained later in this guide.*
- **Facilities Maintenance:** The actual amount spent on **minor** renovations to improve your facility or increase safety. *Home-based family child care providers may need to use the [Time-Space Calculation](#) to determine the percentage of facilities maintenance that is allocated toward business use.*

- **Payroll, Employment & Personnel Costs:** This includes those for W-2 employees, including yourself, and employer payments for benefits (such as retirement and healthcare).
 - If you are a **sole proprietor** paying yourself, you need to have (1) proof of payment such as a payroll report or pay-by-check, bank transfer, or app payment where it documents that this was payroll for a given period in the memo section and (2) it does not exceed revenue for the same time period. For example, if you took in \$1,000 for the month in revenue, you could not claim payroll of \$1,500.
 - **Contractors** (often called “1099 employees”) can be included in your costs but do make sure they are classified as contractors appropriately. You can learn more about this in our guide: [Contractor Versus Employee](#).
 - You can also include **employer benefit costs** for company-sponsored programs offered to all employees, and employer payroll taxes for unemployment insurance and other programs.
- **Personal Protective Equipment (PPE), Cleaning Supplies, and Cleaning Services:** This includes items such as masks, gloves, janitorial services, deep cleaning, supplies (disinfectants, hand sanitizer, soap, etc.), and cleaning services.
- **Classroom and Office Supplies:** This includes items necessary for your child care business such as paper products, children’s toys, or books as well as business software and technology upgrades.
- **Other Goods and Services:** This can include licensing fees, support of mental health and wellbeing of children and staff, and other material goods and services necessary to facilitate play, learning, eating, and safety. This includes appropriate food/beverage purchases for the children in care that have not been covered by the Child and Adult Care Food Program (CACFP).

It is important to know you cannot claim expenses already paid for by:

- The Paycheck Protection Program,
- Employee Retention Tax Credit,
- Families First Coronavirus Relief Act (such as Emergency or Family Leave), or
- Any other stimulus and relief funding program.

Shared Expenses

In some cases, such as with your telephone or your home, items are used for a mix of personal and business reasons. There are some easy methods to determine how much of shared personal and business costs can be reimbursed through the Child Care Relief Fund.

Business Use of Phone

For phones (cell or home), you can determine what percentage of the time has been used for business by adding the number of minutes used for business. Keep in mind this should only be for the business owner's or employee's part of the bill. For example:

Novelette's phone bill is \$150 per month in total. She made 30 calls that totaled 200 minutes, and the 20 calls that were for business totaled 120 minutes. Using the minutes, she could claim business use of 120 minutes divided by 200 which is 60%. If she multiplies the bill of \$150 by 60%, that means she can report \$90 in business costs for the Child Care Relief Fund.

$$120 \text{ minutes} \div 200 \text{ minutes} = 0.6 \text{ (x } 100 = 60\%)$$

$$0.6 \text{ (60\%)} \times \$150 = \$90$$

Business Use of Home

For family child care homes, if you regularly use your home for your business and are licensed or registered, you can be reimbursed for the cost of your home and other related expenses that you typically claim on your federal tax returns. Home-based family child care providers can determine the business use of their home using the [Time-Space Calculation](#). This will help you figure out the percentage of your rent, mortgage, insurance, and utility costs that can be covered by relief funding.

To prepare for reimbursement of these costs, whether you rent or own your home, there are two steps you need to take (which are the same as the ones you use for your tax return):

1. Determine the space and time of your home used for child care, and
2. Determine allowable expenses related to providing care in your home

For more help, you can see our [Time-Space Calculation](#) guide or [request a call](#) with one of our business coaches.

[Attachment B](#) takes you through the time and space calculation and there is even a spreadsheet to help.

Step 2: Find and Keep Your Receipts

Now that you have a clear picture of the expenses you've incurred since September 1, 2021, make sure that you set up a system to properly document all past and future expenses. You must keep all your receipts for costs incurred between September 1, 2021 and May 31, 2023 that are covered by this award. A receipt or other proof of payment should show:

- That you paid the expense
- What you paid for, unless it is very clear (like a utility company payment)
- The amount you paid
- The date you paid it
- A description of the item purchased or service received

Some examples of valid receipts or proofs of payment are:

- An itemized receipt from Target or Wal-Mart
- A payment confirmation from the electric company or a canceled check for payment to a utility
- A summary report from your payroll company

Note: Searching for your larger allowable expenses first can also help to streamline the process as several larger expenses, like rent or payroll, will take less time than finding multiple individual receipts for smaller expenses, like classroom supplies.

Each worksheet in [Attachment A](#) can help you organize your records and costs.

Step 3: Create a Backup

Before you apply for funding, create a digital backup of your receipts and proofs of payment by taking pictures or scanning the documentation, if possible. You need to keep your receipts for three years, so this will provide a backup in case something happens to the original hardcopies of your receipts.

Remember, you can always [book a free call with a coach](#) to help you along the way.

Preparing for Monitoring

So, I got selected for monitoring. What do I do now?

Getting selected for monitoring can seem intimidating, but there are two important points to remember. First, the TWC monitoring team does not want to take your money back! They are here to review your spending and make sure everything is accurately recorded. Second, we are here to help! At any time in the monitoring process, you can [sign up for free one-on-one business coaching](#) or [reach out to the CCRF 2022 technical assistance team with questions](#).

To help you feel more at ease, here is an outline of what to expect during the process:

Step 1: Notification of Monitoring

If you are selected for monitoring, you will first receive an Engagement Letter. This letter informs you that you have been selected for monitoring and gives instructions on how and where to submit expenses.

Step 2: Submit Expenses

Preparing your documentation in advance will help to streamline this step and reduce any stress from scrambling to find necessary paperwork at the last minute. For this step, take your gathered receipts and submit them within **15 days of the creation date of the Engagement Letter**. Instructions will be included in the letter. The Engagement Letter will provide instructions on how to submit documentation.

Step 3: Documentation Review

Once TWC has received your documentation, they will review your expenses to see if each expense is:

- Allowable:** TWC will determine if each of your costs is considered allowable under the relief fund, meaning it is necessary to maintain or resume operation of your program, including for fixed costs and increased operating expenses.
- Adequately documented:** TWC will ensure that documentation clearly shows who you paid, how much you paid, when you paid it, and what you paid for. That you paid the expense.
- Between September 1, 2021 through May 31, 2023:** TWC will check that all expenses submitted were incurred between the dates of your contract window.

TWC may reach out for more information about your expenses or documentation during this process.

Step 4: Final Report

After reviewing your information, your TWC monitor will put together a report of their findings and discuss with you any issues they found.

What happens if some of my expenses are found ineligible?

In some cases, TWC may find some of your expenses to be ineligible for reimbursement through the relief fund. We recommend gathering more receipts than you will need just in case some of your costs are not allowed. You can [register to meet with a coach](#) to help you in identifying and documenting costs. Remember, TWC does not want to take back your money, so having back-up costs will be helpful for everyone involved.

Need Help?

The TWC Coaching Team is available to help you with your expenses, documentation, and monitoring experience. For general questions about monitoring, [contact the technical assistance team](#). Find additional resources at childcare.texas.gov, including registration for [one-on-one individualized assistance](#) with our experts.

Attachment A: Cost Worksheets

Each worksheet can be found on the following pages — you can use as many as you need based on your costs.

You can take the totals from each worksheet and enter them here to get the total cost for your online report and submission.

CATEGORY	TOTAL
Rent, Mortgage, and Insurance	
Utility Costs	
Payroll, Employment, and Personnel Costs	
Personal Protective Equipment (PPE) and Cleaning Supplies	
Other	
Total of All Categories	

Worksheet 1:

Rent, Mortgage, and Insurance

Costs to look for:

- Monthly rent
- Monthly mortgage
- Property insurance
(check your mortgage payment — they may be there)
- Liability insurance
(insurance in case anyone gets hurt)

MONTH	COST	AMOUNT	HAVE RECEIPT?
			<input type="checkbox"/>
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TOTAL (add up all the costs)			

Worksheet 2: Utility Costs

Costs to look for:

- Gas
- Electricity
- Oil
- Water
- Sewer
- Telephone
- Cell/mobile phone
- Internet

MONTH	COST	AMOUNT	HAVE RECEIPT?
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TOTAL (add up all the costs)			

Worksheet 3:

Payroll, Employment, and Personnel Costs

Costs to look for:

- Payroll system documents
- Pay by check, bank transfer, or app payment where it documents that this was payroll for a given period in the memo section and it does not exceed revenue for the same time period. For example, if you took in \$1,000 for the month in revenue, they could not claim payroll of \$1,500.
- Payments for benefits including retirement and health (employer costs only)

Note: You can use reports from your payroll company — this can save you time and effort.

MONTH	COST	AMOUNT	HAVE RECEIPT?
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TOTAL (add up all the costs)			

Worksheet 4: Personal Protective Equipment (PPE) and Cleaning Supplies

Costs to look for:

- Cleaning supplies like disinfectants
- Paper towels
- Cleaning services
- Masks
- Gloves
- Safety glasses

MONTH	COST	AMOUNT	HAVE RECEIPT?
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TOTAL (add up all the costs)			

Attachment B: Business Use of Your Home

There are two elements that determine how much of your home expenses can be reimbursed — the space regularly (and exclusively) used for care and the amount of time it is used on average. We are going to go through the calculation, but there is also a spreadsheet you can use to make it even easier.

Space & Time

Typically, **space** is measured in the square feet of your home that is regularly and exclusively used for care and the total square footage of your home. Regular use includes areas that may be used all day (such as a play area) but also ones that are regularly used for only part of the day. To give an idea of an area that is only used part of the day, the [IRS guide to auditing child care providers](#) uses the example of a provider with three children who each nap in different rooms at quiet time (so they can rest better). Though the other rooms are just used at nap time, it is a regular use and can be included in your calculation. Exclusive use areas are only used for child care business purposes and nothing else. These are considered exclusive use because the space is not used for any purpose other than your child care business.

You can then take the space regularly used in your home for care and divide it by the total square footage of your home to get a percentage:

$$\text{Space used for care} \div \text{total square footage of your home} = \text{percentage of your home that you use for child care}$$

For example: a provider uses 500 square feet of her 1,100 square foot home regularly for care. If she divides 500 by 1,100, she finds that she gets .454 or 45.4% of her home is used regularly for care.

Time is the total number of hours you used your facility on average. This includes not only the time that you are caring for children, but also the time you used the space for cleaning, cooking, and preparing for the care of your children. You can also include time when your business was closed but you were preparing to open. For example, let's say your business is open and providing care for children 10 hours a day typically. During the hours that you are closed, you clean and set up for two hours a day. Combined, this would give you 12 hours a day that you were using your facility. Then let's say you were closed for four weeks but did 10 hours of work in this time to maintain the space and prepare for re-opening. Your total hours would be:

$$12 \text{ Hours a day} \times 5 \text{ days a week} \times 48 \text{ weeks} + 10 \text{ hours when you were closed} = 2,890 \text{ hours}$$

You can create a percentage of the business use of your home by dividing your total hours used for care by 8,760 (the total hours in a year).

For example, our provider above uses her home for care 2,890 hours a year. When you divide 2,890 by 8,760 you find that .329 or 32.9% of the time, her home is used for business.

However, if you have spaces that you exclusively use, you'll want to add that separately and your calculation would look like this:

$$\text{Space percentage (\% of exclusive use area} + \\ \text{[regular use space percentage (\%)} \times \text{time percentage (\%)]}$$

This will weigh your exclusively use areas higher in your time/space percentage.

Calculating space and time for the percentage of your home expenses that are deductible is done by multiplying the percentage of space used in your home by the time it is used.

In our examples above, the provider is using 45.4% of her home for care that is provided 36.5% of the year. If she multiplies 45.4% times 32.9%, she gets 14.9%. So, she can deduct 14.9% of her home expenses.

Example: Business Use of Your Home

SPACE	
Square feet regularly used for care	500
Square feet exclusively used for child care (if no exclusive use, enter 0)	0
Total square feet of your home	1,100
Divide spaced used by care by the total square feet in your home for a percentage	45.4 %
TIME	
Total time spent a year for care (including cleaning and other time associated with the business)	2,890
Divide the time spent for care by the total number of hours in a year (8,760) to create a percentage	32.9 %
Total: Multiply the space percentage by the time percentage	14.9 %

Finding the Amount of Reimbursable Indirect Expenses

Expenses that are for your home and directly related to your business can go under your expenses for the full amount (as we mentioned under the section on business expenses). Now we want to focus on collecting indirect expenses related to your home, such as electricity usage, which is partially for your business, but also partially for your own use.

For example, pretend our provider gathers expenses incurred for the month of March 2022. The table below includes many of the indirect home-based business expenses you can collect by looking at her receipts.

Example: Indirect Home-Based Business Expenses

INDIRECT EXPENSE	AMOUNT
Rent (the full amount you paid over the year)	\$0
Mortgage including insurance payments	\$342
Electricity	\$119
Gas	\$112
Oil	\$0
Water	\$87
Telephone and cable	\$125
Common area repairs (such as repairing the front steps of your home if they are used by families at drop-off or maintenance on your furnace)	\$653
Cleaning and lawn care services	\$88
Homeowner's insurance	\$139
Total	\$1,665

PRO-TIP Make sure, just like with any expense, you have records of indirect expenses for your home.

Calculate Your Reimbursable Indirect Expenses

Now, using the percentage of your home used for business and your total expenses, you can find the amount that is eligible for reimbursement:

$$\text{Percentage of home used for business} \times \text{total indirect expenses} = \text{reimbursable indirect expenses}$$

In the case of our provider, the calculations would be as follow:

$$0.149 \text{ (14.9\%)} \times \$1,665 = \$248.09$$

By these calculations, our home-based provider could submit a request to be reimbursed for \$248.09 worth of indirect expenses incurred during the month of March 2022.

Use [Worksheet 5](#) (Calculating Time & Space) and [Worksheet 6](#) (Calculating Reimbursement Amount of Indirect Expenses) to complete your own reimbursement calculations. For any assistance with this step, [register for a free call with a business coach](#).

Worksheet 5: Calculating Time and Space

Complete the worksheet below to determine the percentage of your home that is used for your business. We also have an [online spreadsheet](#) that can make these calculations easier.

SPACE	
Square feet regularly used for care	
Square feet exclusively used for child care (if no exclusive use, enter 0)	
Total square feet of your home	
Divide spaced used by care by the total square feet in your home for a percentage	
TIME	
Total time spent a year for care (including cleaning and other time associated with the business)	
Total hours in a year (365 days x 24 hours per day)	<i>8,760</i>
Divide the time spent for care by the total number of hours in a year to create a percentage	
Total: Multiply the space percentage by the time percentage	

Worksheet 6:

Calculating Reimbursement Amount of Indirect Expenses

Gather receipts and proof of payment for indirect home-based expenses incurred by your business and enter them into the table below. Enter any additional indirect expenses that you have in the blank spaces. Then, add the amounts together to find your total expenses for the month.

Next, multiply your total expenses for the month by the percentage of your home used for business ([Worksheet 5: Calculating Time & Space](#)) to find your indirect expenses calculation.

Indirect Home-Based Business Expenses

INDIRECT EXPENSE	AMOUNT
Rent (the full amount you paid over the year)	
Mortgage interest and mortgage insurance payments (not mortgage principal)	
Electricity	
Gas	
Oil	
Water	
Telephone and cable	
Common area repairs (such as repairing the front steps of your home if they are used by families at drop-off or maintenance on your furnace)	
Cleaning and lawn care services	
Homeowner's insurance	
Total	

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