

# Child Care Provider Expansion Initiative

## Record-Keeping, Reporting, and Monitoring Guide

### About the Child Care Provider Expansion Initiative

In August 2022, the Texas Workforce Commission launched an initiative with the goal of increasing the supply of high-quality child care across Texas. The Child Care Provider Expansion Initiative provides financial and business support to child care providers who are either opening or otherwise creating new child care capacity after the licensing eligibility cutoff date for Child Care Relief Funding (which was February 28, 2022) in child care deserts, through employer partnerships, or who are expanding infant capacity. The funding is meant to encourage new child care providers to open their doors or existing providers to expand their licensed capacity by offsetting the costs incurred during launch and the first few months of operation.

### Child Care Provider Expansion Initiative Reporting and Monitoring

Recipients of Child Care Provider Expansion Initiative funding will be required to comply with reporting of how their funds were spent and those selected for monitoring will need to supply documentation of their spending. Recipients must submit an Interim Report and a Final Report to keep their award status in good standing.

Both reports will require information on how funding has been spent within allowable expense categories.

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

### Understanding Allowable Expenses

#### How can I use my funds?

Funding can be used toward expenses incurred during preparations for launch and the first few months of operations. Award recipients may use their funding on allowable business expenses incurred between March 1, 2022 and March 31, 2024.

While the list of specific expenses you have may vary, the following categories are considered allowable for coverage with Child Care Provider Expansion Initiative funding:

- **Indoor equipment and furnishings** (e.g., cribs, changing tables, bookshelves, chairs, tables, and rugs)
- **Office furnishings and equipment** (e.g., desks, chairs, filing cabinets, computers, software, and printers)
- **Outdoor equipment** (e.g., playgrounds, shade structures, toys, balls, fencing, and infant strollers)

- **Kitchen supplies** (e.g., appliances, cookware, and serving items), excluding food
- **Safety supplies** (e.g., fire extinguishers, smoke detectors, carbon monoxide detectors, baby gates, outlet covers, and secure entry systems)
- **Education supplies/classroom materials** (e.g., curriculum, books, and toys)
- **Permitting fees**, for example for HHSC CCR or as related to inspections
- **Outreach costs** associated with recruitment of families and staff
- **Monthly/recurring property occupancy fees** (e.g. rent, mortgage, electricity, water, utilities)
- **Minor renovations** (e.g., exterior or interior painting, lighting/plumbing/kitchen fixtures, trim work/minor carpentry, flooring replacement, and HVAC improvements)
- **Staffing costs** to support program operation while ramping up to full or expanded enrollment (e.g. regular staff pay, one-time bonuses, [temporary wage supplements](#), wages for temporary staff, [staff training costs](#), or employee benefits. Please note that if you are a sole proprietor, you need to record payments to yourself, and your payments cannot exceed your revenue. The [Paying Yourself guide](#) can help you with this process.)

### How can I NOT use my funds?

- **New construction or major renovation:** The federal source of the funding for this initiative prohibits using this award for construction or major renovations, or the purchase or improvement of land. Major renovation is defined as: (1) structural changes to the foundation, roof, floor, exterior or load-bearing walls of a facility, or the extension of a facility to increase its floor area; or (2) extensive alteration of a facility such as to significantly change its function and purpose, even if such renovation does not include any structural change.
- **Costs to support property occupancy other than monthly payments:** Down payments, security deposits, and other one-time payments associated with entering a lease or purchasing property are not allowable. Also, funds cannot be used to contribute to mortgage loans in excess of the payment requested by the lender.
- **Paying yourself through owner draws:** Owner draws or other methods of taking a capital gain are not considered allowable expenses under the Child Care Provider Expansion Initiative. Owners' documented wages are allowable.
- **Franchise fees** or other franchise royalties are not allowable expenses.
- **Expenses paid for by another stimulus, relief funding program, or other public funding source** (e.g. Child Care Relief Fund)

There are a number of ways that child care businesses may effectively use their Child Care Provider Expansion Initiative Award. If you need ideas for your business, check out the [Spending Strategies Guide](#) and/or keep an eye out for upcoming [webinars](#) and group coaching opportunities.

### Gathering Your Documentation

To comply with required reporting and monitoring, you will need to document your spending. You are required to maintain spending records for three years after funding was awarded. This includes receipts, invoices, and other documentation that support how all funds were expended.

While Interim and Final Reports will not require any documentation to be submitted, monitoring will require full documentation of how your full award was spent, if you are selected. 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 for which you are using your award so that you are covered if any of your expenses are ineligible.

Before spending your funding, it is a good idea to set up a [record-keeping system](#) to properly document all past and future expenses. Follow these simple steps to gather and maintain documentation needed for reporting and monitoring:

### **Step 1: Figure Out Your Past Expenses**

First, go month by month through your records beginning March 1, 2022 to review expenses for your business, including through:

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

You will need proof of payment like a receipt, or an invoice marked “paid” for every cost that you are receiving reimbursement for through the Child Care Provider Expansion Initiative. Ensure that the documentation shows exactly what goods or services were purchased. Be sure to collect information about the following common business expenses for each month:

- **Facilities Maintenance:** The 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 health care).
  - 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 that documents that this was payroll for a given period in the memo section and (2) proof that this payment 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 make sure they are appropriately classified as contractors. You can learn more about this in our guide, [When is someone a contractor or employee?](#)
  - You can also include employer-paid benefit costs for company-sponsored programs offered to all employees and employer payroll taxes for unemployment insurance and other programs.
- **Classroom and Office Supplies:** This includes items necessary for your child care business such as paper products, children’s toys, curriculum, or books as well as business software and technology upgrades.

- Outreach Costs: Include costs for both physical outreach such as flyers or postcards, as well as the cost for digital outreach such as online ads or job announcements. Remember, outreach can include efforts made to [attract new staff](#) to your business as well as [marketing](#) for new families.

### **Business Use of Home**

For family child care homes, the Time/Space Calculation can help calculate the percentage of certain costs that can be covered by Initiative funding, such as monthly rent/mortgage payments, utilities, and equipment used for both personal and business purposes. To prepare for reimbursement of these costs, 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](#).

### **Prorating Costs**

For businesses that are a subunit of a larger entity, like a program within a church, you may need to prorate your costs to determine what amount can be covered by Initiative funding. This can be done by calculating the percentage of:

1. Total square footage of facilities,
2. Total revenue, or
3. Total costs.

To learn more, see the [Prorating Costs guide](#).

### **Step 2: Find and Keep Your Receipts**

Now that you have a clear picture of the expenses you've incurred since March 1, 2022 and have gathered your receipts in one place, you will want to set up a [record-keeping system](#) to properly document all past and future expenses. Create a file or get a large manila envelope ready for your receipts so that you have a way to keep the receipts safe until you need them. A receipt or other proof of payment should show:

- That you paid the expense
- The amount you paid
- The date you paid it
- What you paid for: For transactions like monthly utility payments, the invoice or bill itself is self-explanatory. Otherwise, a description of the item purchased or service received is needed.

Some examples of valid receipts or proofs of payment are:

- An itemized receipt from Target or Wal-Mart
- An invoice for painting from a contractor
- A summary report from your payroll company

Identifying your larger allowable expenses first can help to streamline the process: several larger expenses, like payroll, will take less time to find than multiple receipts for smaller purchases, like classroom supplies.

### **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. Since you need to keep your receipts for three years, a digital backup will provide additional assurance in case something happens to the original hard copies of your receipts. Be sure you save all your digital documents in the same place, just like you would your hard copies. All scanned files can be saved in the same folder. If you take photos on your mobile device, all photos can be saved to the same photo album.

## The Reporting Process

All applicants will complete an Interim and a Final Report, but the timing of your report due dates will depend on the award(s) you received:



You will be notified of your Interim and Final Reporting Dates after you are issued your funding.

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

### Step 1: Notification of Interim or Final Reporting

You will be emailed by [monitoring@civstrat.com](mailto:monitoring@civstrat.com) after your funding is issued notifying you of your Interim Reporting and Final Reporting due dates. You will receive emails one month and one week prior to your Interim Reporting and Final Reporting due dates with instructions on how to submit your reports. You may reply to this email with any questions.

### Step 2: Submit Interim or Final Reporting Form

When you are ready to complete your Interim or Final Report, you will be able to access the questionnaire through the survey link provided to you in an email from [monitoring@civstrat.com](mailto:monitoring@civstrat.com). The Interim and Final Reports will include questions about your actual and anticipated spending within allowable expense categories as well as some questions about the progress of your expansion project, areas of concern, and areas of supported accessed during the application process. Documentation of your expenses will not be required at this time.

For awardees who received Start Up funding prior to opening or launch of their Expansion Business Plan, Interim Reports must be submitted before Initial Operating Awards will be issued. Reports submitted after your Interim Reporting Date may cause delayed issuance of subsequent awards. All recipients must

submit both Interim and Final Reports to remain in compliance with the terms and conditions associated with receiving Child Care Provider Expansion Initiative funding. Applicants with late submissions will face potential recoupment of funds.

### **Step 3: Review of Interim or Final Reporting**

The monitoring team will review your responses and provide additional direction and instruction as appropriate based on the information provided in the Interim and Final Reports. If necessary, the monitoring team will contact you to address any questions or concerns.

## **The Monitoring Process**

Half of awards will be randomly selected for monitoring. The monitoring process requires selected awardees complete and submit documentation of their award spending.

### **Step 1: Notification of Monitoring Selection**

If you are selected for monitoring, you will receive notification with instructions for submitting your documentation via email from [monitoring@civstrat.com](mailto:monitoring@civstrat.com). You may reply to the email with any questions.

### **Step 2: Submit Monitoring Documentation**

Selected awardees will submit a cover sheet listing their expenses and provide eligible documentation to support those expenses. You will access a secure portal to upload your documentation through a link provided to you in the notification email from [monitoring@civstrat.com](mailto:monitoring@civstrat.com). The [Monitoring Response Tool](#) can be used as the cover sheet.

### **Step 3: Review of Monitoring Documentation**

Your submission will be reviewed to ensure that all expenses are allowable, documentation is sufficient, and spending amounts add up to your total received award. If needed, a call will be scheduled to discuss any questions or concerns that arise during the review. After documentation has been reviewed and approved, you will receive an email from [monitoring@civstrat.com](mailto:monitoring@civstrat.com) notifying you that your Expansion Initiative monitoring and reporting is complete.

### **What happens if some of my expenses are found ineligible?**

In some cases, the monitoring team may find some of your expenses to be ineligible for coverage by the Initiative. For this reason, we recommend gathering more receipts than you will need just in case some of your costs are not allowed. Remember, TWC does not want to take back your award, so having back-up expenses documented will be helpful for everyone involved.

## **Resources**

Reporting and monitoring can seem intimidating, but there are two important points to remember. First, the monitoring team does not want to take your money back! They are here to review your spending and make sure your expenses are accurately recorded. Second, there are resources available to support you in the reporting and monitoring process:

- Current information about the Child Care Expansion Initiative can be found at <https://www.childcare.texas.gov/childcare-expansion>.

- The [Monitoring Response Tool](#) is a helpful, optional tool for you to use to track your expenses. If you are selected for monitoring, you will be asked to document your expenses in this format.
- The [Interim Report Form](#) questions can be previewed in advance.
- Group coaching to support monitoring is available. Learn more about upcoming sessions or review a recording at <https://www.childcare.texas.gov/childcare-expansion>.
- Email [monitoring@civstrat.com](mailto:monitoring@civstrat.com) with your CCPEI reporting and monitoring questions.