

**TEXAS WORKFORCE COMMISSION**  
**Workforce Development Letter**

<b>ID/No:</b>	WD 20-23
<b>Date:</b>	August 29, 2023
<b>Keyword:</b>	Child Care
<b>Effective:</b>	October 1, 2023

**To:** Local Workforce Development Board Executive Directors  
Commission Executive Offices  
Integrated Service Area Managers



Arif Wilh  
for

**From:** Reagan Miller, Director, Child Care & Early Learning Division

**Subject:** Board Contract Year 2024 Child Care Provider Payment Rates

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**PURPOSE:**

The purpose of this WD Letter is to provide information and guidance to Local Workforce Development Boards (Boards) on the Board Contract Year 2024 (BCY'24) child care provider payment rates.

**RESCISSIONS:**

WD Letter 22-22

**BACKGROUND:**

Under the federal Child Care Development Fund (CCDF) regulations and program guidance ([§98.45 Equal Access](#) and [CCDF-ACF-PI-2018-04](#)), states are required to ensure equal access to child care services for children served in the Child Care Services (CCS) program. States must consider the most recent Market Rate Survey as well as data from their narrow cost analysis and use this information when setting provider payment rates. Additionally, the US Office of Child Care encourages states to set the lowest maximum payment rates to the 75th percentile of the Market Rate Survey.

For BCY'24, TWC used the [2023 Texas Child Care Market Rate Survey](#) in addition to the "[2023 Cost of Quality Price Modeling Report](#)." The Cost of Quality Price Modeling Report includes "baseline rates," which are defined as "prices charged by providers of child care that at a minimum meet state licensing standards."

Texas Workforce Commission (TWC) Chapter 809 Child Care Services rule [§809.20\(a\)](#) requires Boards to establish maximum payment rates at or above a level established by TWC's three-member Commission (Commission). On August 22, 2023, the Commission took action to set the lowest threshold for child care maximum payment rates at the 75th

percentile of the 2023 Texas Child Care Market Rate Survey, or based on the baseline rate from the Report, whichever is higher.

Texas Rising Star and Texas School Ready (TSR) maximum payment rates continue to be tiered in accordance with [Texas Workforce Commission Chapter 809 Child Care Services rule §809.20](#).

**PROCEDURES:**

**No Local Flexibility (NLF):** This rating indicates that Boards must comply with the federal and state laws, rules, policies, and required procedures set forth in this WD Letter and have no local flexibility in determining whether and/or how to comply. All information with an NLF rating is indicated by “must.”

**Local Flexibility (LF):** This rating indicates that Boards have local flexibility in determining whether and/or how to implement guidance or recommended practices set forth in this WD Letter. All information with an LF rating is indicated by “may” or “recommend.”

**NLF:** Boards must be aware that maximum payment rates for licensed homes and registered homes will be set at the 75th percentile in accordance with the most recent Market Rate Survey. These rate increases are effective October 1, 2023.

**NLF:** Additionally, Boards must be aware that for licensed child care centers, TWC compared rates at the 75th percentile of the [2023 Texas Child Care Market Rate Survey](#) to the cost of care at a baseline level of quality (that is, meeting basic health and safety standards), as modeled in the [2023 Cost of Quality Price Modeling Report](#). Any rate that fell below the baseline cost was increased to meet the baseline. These rate increases are effective October 1, 2023.

**NLF:** Furthermore, Boards must be aware that if a local payment rate for a category of care was in effect before October 1, 2023, and is higher than the calculated increased rate for that category, the higher rate will remain in effect after October 1, 2023. No provider payment rates will be reduced based on this guidance.

**NLF:** Boards must be aware that Texas Rising Star–certified providers receive an increased payment rate, as follows:

- Texas Rising Star Four-Star providers’ payment rates must be set at 9 percent greater than non–Texas Rising Star providers’ regular child care rates.
- Texas Rising Star Three-Star providers’ payment rates must be set at 7 percent greater than non–Texas Rising Star providers’ regular child care rates.
- Texas Rising Star Two-Star providers’ payment rates must be set at 5 percent greater than non–Texas Rising Star providers’ regular child care rates.

**NLF:** Boards must also be aware that TWC will calculate and enter the payment rates for each Board and each category of care into TWC’s child care case management system.

**NLF:** Boards must ensure that provider agreements or associated rate addendums containing specific payment rate information are updated to reflect the new rates. Boards must also

ensure that all affected agreements are updated by November 30 of each year.

**INQUIRIES:**

Send inquiries regarding this WD Letter to [childcare.programassistance@twc.texas.gov](mailto:childcare.programassistance@twc.texas.gov).

**ATTACHMENTS:**

Attachment 1: Board Contract Year 2024 Child Care Provider Payment Rates

**REFERENCES:**

Title 45 Code of Federal Regulations §98.45, Equal Access

Texas Workforce Commission Chapter 809 Child Care Services Rule §809.20, Maximum  
Provider Reimbursement Rates