

## TEXAS WORKFORCE COMMISSION LETTER

<b>ID/No:</b>	WD 27-16
<b>Date:</b>	December 7, 2016
<b>Keyword:</b>	Child Care
<b>Effective:</b>	Immediately

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

**From:**   
Reagan Miller, Deputy Director, Workforce Solutions

**Subject:** **Lifting the Suspension on New Enrollments in At-Risk Child Care and Implementing a Suspension on Rate Increases**

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### **PURPOSE:**

To provide Local Workforce Development Boards (Boards) with information and guidance on the following:

- Lifting the suspension on new enrollments in discretionary partially subsidized (At-Risk) child care; and
- Implementing a suspension on child care provider rate increases.

### **BACKGROUND:**

On July 27, 2016, the Texas Workforce Commission's (TWC) three-member Commission (Commission) approved the suspension of new cases for discretionary partially subsidized child care—that is, At-Risk child care pursuant to TWC's Child Care Services rule §809.50—effective August 1, 2016, unless a Board could demonstrate and TWC concurred that the Board's enrollments at the end of Board Contract Year 2016 (BCY'16):

- were sustainable through BCY'17;
- allowed for the continued enrollment of TWC priority groups in fully subsidized child care (Choices, Temporary Assistance for Needy Families (TANF) applicant, and Supplemental Nutrition Assistance Program Education & Training), as well as former Child Protective Services children, as authorized by the Texas Department of Family and Protective Services;
- would not exceed a Board's BCY'17 Child Care allocation; and
- would not require the removal of eligible children from care.

Workforce Development (WD) Letter 18-16, issued August 2, 2016, and entitled "Suspending New Enrollments in At-Risk Child Care" provided Boards with information regarding the suspension.

Due to the suspension in enrollments between August and October, several Boards have indicated that BCY'16 and BCY'17 funds are now available to allow new enrollments of children in discretionary partially subsidized care.

TWC staff analyzed child care enrollment trend data and concurred that current enrollment levels had generally fallen far enough that, in most cases, it was possible to allow new partially subsidized enrollments without great risk of over-enrollment resulting in the program running out of funding.

## **PROCEDURES:**

### *Criteria for Lifting the Suspension on New Enrollments*

**NLF**: Boards must be aware that on November 16, 2016, the Commission approved lifting the suspension on new discretionary enrollments for partially subsidized child care, with the following stipulations:

- From October 1, 2016, to January 31, 2017, Boards are permitted to enroll new children in partially subsidized child care at up to 100 percent of their BCY'17 targets. Because many Boards were well below their BCY'17 target on October 1, 2016, due to the recent suspension of enrollment, they are allowed to have monthly enrollments that exceed the target for the average number of children served per day in November, December, and/or January. However, the overall year-to-date (YTD) target must not exceed 100 percent for the following periods:
  - October 2016
  - October 2016 through November 2016
  - October 2016 through December 2016
  - October 2016 through January 2017
- A Board reaching over 100 percent of its target on October 1, 2016, is considered in compliance with this guidance.
- Once a Board reaches 100 percent of its target for any of the above YTD periods, the Board must suspend new discretionary enrollments in partially subsidized child care until the YTD enrollment falls below 100 percent of the target.
- Boards must plan child care services at a level that enables Boards to end the year as close to their BCY'17 targets as possible.

### *BCY'17 Performance Standards*

**NLF**: Boards must be aware that beginning in February 2017, program management and performance evaluation will move from a YTD basis to a Discrete Month basis. Whether a Board is considered to have met its target for the year will be based on the Board's September 2017 enrollment data, not the Board's October 2016 to September 2017 data.

**NLF:** Boards must be aware that beginning February 2017, BCY'17 child care monthly performance will be rated with the following standards<sup>1</sup>:

- -P = less than 95 percent
- MP = 95 percent to under 98percent
- +P = 98 percent to 100 percent
- MP = greater than 100 percent and to 102 percent
- -P = greater than 102 percent

The -P range is intentionally asymmetrical because the consequences of over-enrollment are more significant than under-enrollment as a result of child care reauthorization.

*Priority for New Enrollments of Partially Subsidized Child Care*

**NLF:** Boards must ensure that children from the following priority groups are served, in the order set forth below, before enrolling siblings of children currently enrolled in child care services:

1. Children of a qualified veteran or qualified spouse
2. Children of a foster youth
3. Children experiencing homelessness
4. Children of parents on military deployment
5. Children of teen parents
6. Children with disabilities

*Use of Contingency Funds*

**NLF:** Boards must be aware of the following information regarding the use of TWC contingency funds:

- At the point that Boards open enrollment, Boards will not be eligible for contingency funds.
- Boards enrolled above 100 percent of the BCY'17 YTD target in October without BCY'16 carryforward funds will receive contingency funds to cover the over-enrollment. If a Board continues to be over-enrolled in subsequent contiguous months, contingency funds will be provided as long as the Board does not enroll new children.

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<sup>1</sup> There are two exceptions. If a Board:

- 1) enrolls more children in accordance with the December-January ramp-up allowance and that results in the Board's performance in the month of February (or beyond) to be above 100 percent of target (and there was not further enrollment); or
- 2) was at greater than 100 percent of its BCY'17 target in September 2017 and remained above 100 percent of its BCY'17 target without new enrollments.

In either case, the Board is automatically considered to be meeting performance (MP) until monthly enrollment drops to 100 percent or less of the BCY'17 target. Once that occurs, the regular evaluation policy is applied.

*Use of Carryforward Funds*

**LF:** Boards may carry forward any unspent BCY'16 Child Care Formula (CCF) funds through December 31, 2016. TWC will allow Boards to carry forward unspent BCY'17 CCF funds through December 31, 2017, if needed.

**LF:** Boards may spend BCY'16 carryforward funds:

- on quality improvement activities; or
- to maintain children in care below 100 percent of YTD target.

**NLF:** Boards must not spend BCY'16 CCF funding to enroll children over 100 percent of YTD target.

**NLF:** Boards must be aware that carryforward funds must not be spent:

- to enroll new children over 100 percent of the BCY'17 YTD target; or
- for rate increases, as these funding levels are not sustainable.

*Suspension of Reimbursement Rate Increases*

**NLF:** Boards must suspend reimbursement rate increases until TWC can ascertain the long-term impacts of reauthorization.

**INQUIRIES:**

Send inquiries regarding this WD Letter to [wfpolicy.clarifications@twc.state.tx.us](mailto:wfpolicy.clarifications@twc.state.tx.us).

**RESCISSIONS:**

WD Letter 18-16

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**REFERENCE:**

Chapter 809 Child Care Services Rules

**FLEXIBILITY RATINGS:**

**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" or "shall."

**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."