

TEXAS WORKFORCE COMMISSION LETTER

ID/No:	WD 13-15
Date:	July 13, 2015
Keyword:	Child Care
Effective:	August 13, 2015

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



From: Reagan Miller, Director, Workforce Development Division

Subject: **Establishing Local Child Care Texas Rising Star Tiered Reimbursement Rates**

PURPOSE:

To provide Local Workforce Development Boards (Boards) with information and guidance on establishing local child care Texas Rising Star (TRS) tiered reimbursement rates.

BACKGROUND:

Texas Government Code §2308.315 and Texas Workforce Commission (TWC) Child Care Services rule §809.20(c) require that the minimum reimbursement rate for a TRS provider must be greater than the maximum rate established for a provider that is not TRS certified for the same category of care by at least:

- 5 percent higher for a provider with a 2-star rating;
- 7 percent higher for a provider with a 3-star rating; and
- 9 percent higher for a provider with a 4-star rating.

Section 809.20(d) allows Boards to establish a higher enhanced reimbursement rate than those specified above, as long as there is a minimum 2 percent point difference between each star level.

The TRS reimbursement rates required under §809.20 are effective September 1, 2015.

WD Letter 04-14, Change 1, issued October 17, 2014, and entitled “Establishing Local Child Care Reimbursement Rates—*Update*,” requires Boards to receive prior TWC approval for reimbursement rate increases to ensure that they:

- can meet their contracted target for the Average Number of Children Served Per Day performance measure; and
- will remain within their child care allocation.

PROCEDURES:

NLF: Boards must establish tiered reimbursement rates, as required by §809.20, for TRS-certified providers by September 1, 2015.

NLF: Boards must be aware that TWC's Workforce Development, Technical Assistance and Child Care (WD-TACC) department has calculated each Board's TRS tiered rates to comply with the requirements of §809.20(c)–(d). Each Board's Technical Assistance point of contact will provide these rates to the Board upon this WD Letter's release.

NLF: Boards must be aware that the TRS tiered rates WD-TACC provides are based on the Board's current TRS rates and calculated as follows:

- If a Board has a TRS rate structure that has one TRS rate regardless of the TRS certification level:
 - that rate will be the Board's 2-star rate;
 - the new 3-star rate is calculated at two percentage points above the 2-star rate; and
 - the new 4-star rate is calculated at two percentage points above the 3-star rate.

For example:

- If a Board's one TRS rate is 6.5 percent above the Board's regular rate for that provider type and age group, the Board's:
 - 2-star rate will be 6.5 percent above the Board's regular rate;
 - 3-star rate will be 8.5 percent above the regular rate; and
 - 4-star rate will be 10.5 percent above the regular rate.
- If a Board has a three-tiered TRS rate structure (2-star, 3-star, 4-star) for all provider types that has a higher rate depending upon the TRS certification level for each age group, the Board's:
 - current 2-star rate will not change;
 - 3-star rate will be the Board's current 3-star rate or two percentage points above the current 2-star rate, whichever is higher; and
 - 4-star rate will be the Board's current 4-star rate or two percentage points above the current 3-star rate, whichever is higher.

For example:

- If a Board's TRS rate structure is:
 - 7.5 percent above the regular rate for a 2-star provider;
 - 8 percent above the regular rate for a 3-star provider; and
 - 14 percent above the regular rate for a 4-star provider; then
- the new rates are calculated at:
 - the current 7.5 percent above the regular rate for a 2-star provider;

- 9.5 percent above the regular rate for a 3-star provider; and
 - 14 percent above the regular rate for a 4-star provider.
- If a Board has a two-tiered TRS rate structure, the Board's:
 - current lowest TRS rate will be the new 2-star rate;
 - new 3-star rate will be the Board's highest TRS rate or two percentage points above the new 2-star rate, whichever is higher; and
 - 4-star rate will be the higher of the Board's highest TRS rate or two percentage points above the new 3-star rate, whichever is higher.

For example:

- If a Board's TRS rate structure is at:
 - 7 percent above the regular rate for the lowest star-level provider; and
 - 10 percent above the regular rate for the highest star-level provider; then
- the new rates are calculated at:
 - the current 7 percent above the regular rate for a 2-star provider;
 - 10 percent above the regular rate for a 3-star provider; and
 - 12 percent above the regular rate for a 4-star provider.

NLF: To ensure that the tiered rates are in effect by the September 1, 2015, requirement in §809.20(c), Boards must be aware that WD-TACC will enter the rates described above into The Workforce Information System of Texas (TWIST) with an effective date of September 1, 2015.

NLF: Regardless of when adopted, TRS rates must be effective September 1, 2015. Boards must approve the new TRS rates in an open meeting.¹

NLF: Boards must be aware that because the TRS tiered rates—as provided by WD-TCC—comply with and are required by §809.20, Boards are not required to obtain TWC approval per WD Letter 04-14, Change 1, prior to approving the new tiered rates.

INQUIRIES:

Direct inquiries regarding this WD Letter to wfpolicy.clarifications@twc.state.tx.us.

RESCISSIONS:

None

REFERENCES:

Texas Government Code, Chapter 551
 Texas Government Code §2308.315
 Texas Workforce Commission Child Care Services rule: 40 TAC §809.20

¹ As required by TWC rule at 40 TAC §802.1(f) and as detailed in WD Letter 10-07, Board members must take such actions in an open meeting.

WD Letter 04-14, Change 1, issued October 17, 2014, and entitled “Establishing Local Child Care Reimbursement Rates—*Update*”
WD Letter 10-07, issued February 2, 2007, and entitled “Adoption of Local Workforce Development Board Policies in Open Meetings”

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.”