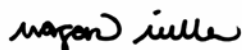


TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 23-19
Date:	October 15, 2019
Keyword:	Child Care
Effective:	Immediately

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



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

Subject: **Child Care Provider Maximum Reimbursement Rate Increases**

PURPOSE:

The purpose of this WD Letter is to provide information and guidance to Local Workforce Development Boards (Boards) on increased child care provider reimbursement rates.

RESCISSIONS:

WD Letter 12-18

BACKGROUND:

On September 24, 2019, the Texas Workforce Commission's (TWC) three-member Commission (Commission) took action to ensure that Boards' maximum reimbursement rates are set at a level adequate to ensure equal access as set forth in the Child Care and Development Fund regulations at 45 Code of Federal Regulations §98.45 Equal Access. Specifically, the Commission directed staff to develop guidance requiring Boards to set their maximum reimbursement rate at or above the 30th percentile of the 2019 Market Rate Survey (MRS), in compliance with TWC Chapter 809 Child Care Services rule §809.20(a), which requires that rates provide equal access to child care. Additionally, the Commission directed staff to benchmark Texas Rising Star reimbursement rates based on the 2019 MRS.

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" 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."

NLF: Boards must be aware that regular (non–Texas Rising Star) rates for all nonrelative provider types that currently fall below the 30th percentile of the 2019 MRS will be increased to the 30th percentile. These rate increases are effective October 1, 2019.

NLF: Boards must be aware that if a local reimbursement rate for a category of care was in effect before October 1, 2019, and is higher than the calculated increased rate for that category, the higher rate continues to be in effect after October 1, 2019. No provider rates will be reduced based on this guidance.

NLF: Boards must be aware that the Texas Rising Star rates have been calculated based on the 2019 MRS and continue to be based on the following benchmarks:

- Set reimbursement rates for Texas Rising Star 4-star providers at the 75th percentile of the 2019 local market rate
- Set reimbursement rates for Texas Rising Star 3-star providers at 90 percent of the local 4-star rate
- Set reimbursement rates for Texas Rising Star 2-star providers at 90 percent of the local 3-star rate

NLF: Boards must be aware that TWC will calculate the new rates and enter the rates into The Workforce Information System of Texas (TWIST) for each category of care for each Board. The new rates are included in Attachment 1, Increased Rates for Child Care Provider Reimbursements.

NLF: Boards must ensure that provider agreements that contain specific rate information are updated to reflect the new rates. Boards must ensure that all affected agreements are updated by November 30, 2019.

INQUIRIES:

Send inquiries regarding this WD Letter to childcare.programassistance@twc.state.tx.us.

ATTACHMENTS:

Attachment 1: Increased Rates for Child Care Provider Reimbursements

REFERENCES:

Title 45 Code of Federal Regulations §98.45, Equal access

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