1 **Setting Minimum Threshold for Boards' Maximum Reimbursement Rates**
2 **Discussion Paper**
3

4 **Background**

5 On June 16, 2020, the Texas Workforce Commission's three-member Commission (Commission)
6 approved final rules that amended 40 TAC §809.20(a) to require Local Workforce Development Boards
7 (Boards) to establish maximum reimbursement rates at or above a level established by the Commission.
8 For Board Contract Year 2020 (BCY'20), the Commission established the 30th percentile of the 2019
9 Market Rate Survey as the minimum threshold for base rates. The Commission also previously
10 established a benchmark for Texas Rising Star enhanced reimbursement rates to be set based on 4-Star
11 providers rates benchmarked at the 75th percentile, 3-Star providers receiving 90 percent of the 4-Star
12 rate, and 2-Star providers receiving 90 percent of the 3-Star rate. Tying Texas Rising Star 4-Star provider
13 rates to the 75th percentile of the local market rate reflects rate-setting guidance from the Administration
14 for Children and Families Office of Child Care.

15 **Issue**

16 The Commission may consider minimum thresholds for Boards' maximum reimbursement rates in
17 accordance with 40 TAC §809.20(a), including establishing minimum child care rate threshold parameters
18 and basing these on the most recent Market Rate Survey, which for BCY'21 is the 2020 Market Rate
19 Survey.

20 **Decision Point**

21 Staff seeks direction on the following:

22 • Requiring Boards to set their maximum reimbursement rate at or above the 30th percentile of the
23   most recent Market Rate Survey, in accordance with §809.20(a), which requires that rates provide
24   equal access to child care
25 • Requiring Boards to set their Texas Rising Star maximum reimbursement rates in accordance with
26   §809.20(c) and at or above the following levels:
27   o For 4-Star providers, the 75th percentile of the most recent Market Rate Survey
28   o For 3-Star providers, at 90 percent of the 4-Star rate
29   o For 2-Star providers, at 90 percent of the 3-Star rate