

Parent Share of Cost Methodology

Discussion Paper

1 Background

2 Based on amendments to the federal Child Care and Development Fund (CCDF) regulation, all states were
3 directed to cap Parent's Share of Cost (PSoC) at 7 percent for families, regardless of the number of children in
4 the family. The Texas Workforce Commission's (TWC) three-member Commission (Commission) had
5 previously set a statewide PSoC in Ch. 809 rule amendments [adopted](#) on September 13, 2022, which capped
6 PSoC at 7 percent for families with one child, and increased PSoC up to a maximum of 12 percent if a family
7 had more than one child in care.

8
9 Based on the amendments to the federal CCDF regulations, on July 9, 2024 the Commission [approved](#)
10 amendments to Chapter 809 Child Care Services (CCS) rules to cap PSoC at 7% for all families, regardless of
11 the number of children in care. The new statewide PSoC standard requires substantial changes to the child care
12 automated system and have been included in the new Texas Child Care Connection (TX3C) system, which
13 launched on January 13, 2025.

14
15 The Commission noted in the preamble to the final rules adopted on September 13, 2022, that the actual
16 percentage of income to be used will be established, reviewed, and, if necessary, modified by the Commission
17 on an annual basis as the annual SMI amounts are released.

18 Issue

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20 On November 7, 2022, the Commission approved the [Statewide Parent Share of Cost Methodology Discussion](#)
21 [Paper](#). This Discussion Paper implemented the PSoC policy that scaled the PSoC percentage at a higher level
22 based on the number of children in the family. The methodology must be updated to reflect the July 9, 2024,
23 Ch. 809 rule amendments which implement the changes to the federal CCDF regulations, and cap PSoC at 7%.

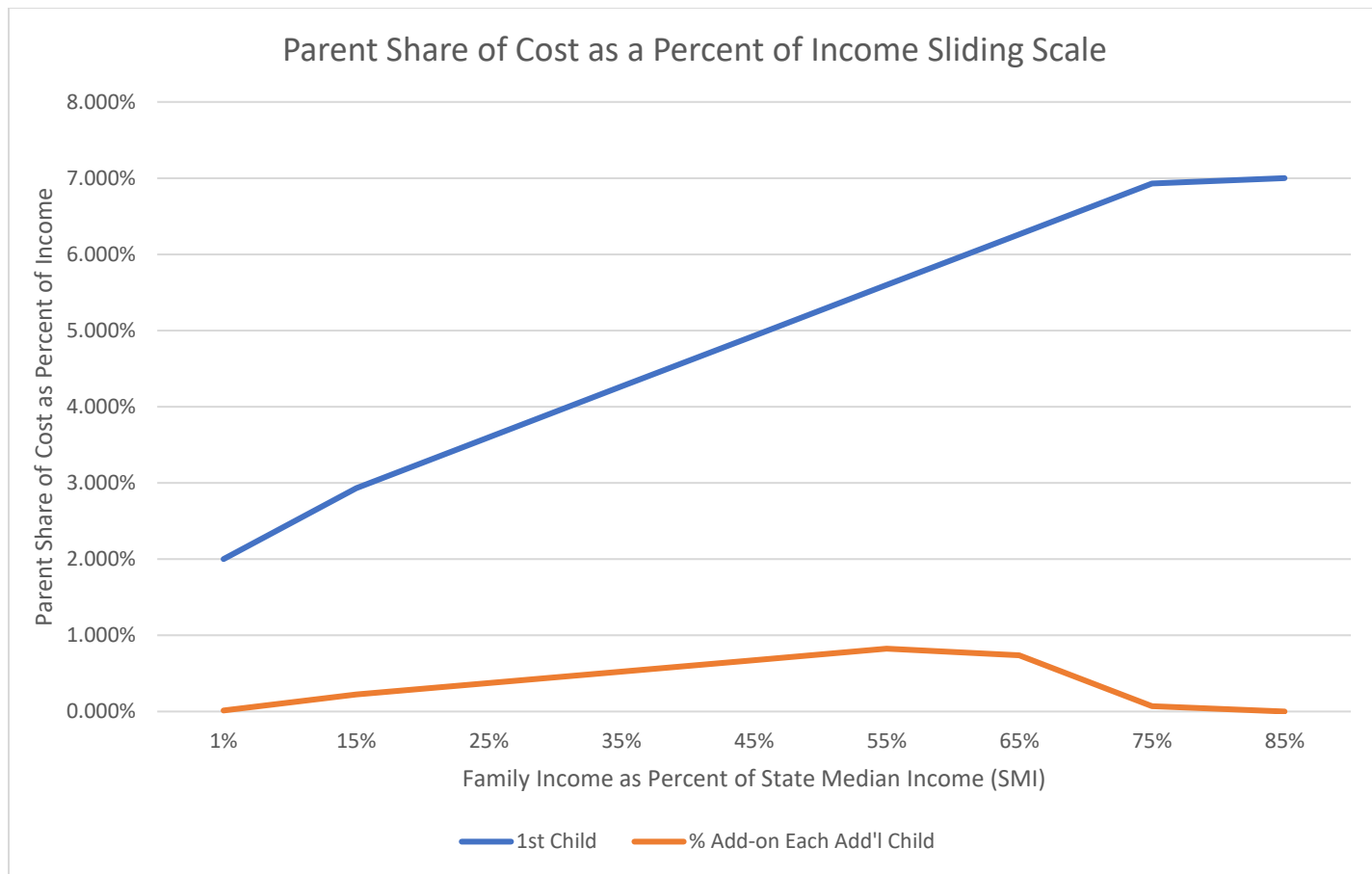
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25 Staff recommends that the Commission consider the following methodology for assessing a family's PSoC,
26 which is the same methodology previously approved, with the addition of a 7 percent cap, so no family's PSoC
27 exceeds 7 percent (see Charts in Attachment 1-5):

- 28 ○ establishing a minimum PSoC amount of 2 percent of the family income for families beginning
29 at the lowest income level (1 percent of the SMI)
- 30 ○ gradually increasing the PSoC up to a maximum of 7 percent of the family income for a family
31 from 76 to 85 percent of the SMI
- 32 ○ establishing an incremental percentage add-on for each additional child but ensuring that the
33 total PSoC with the add-on does not exceed 7 percent of the family income.

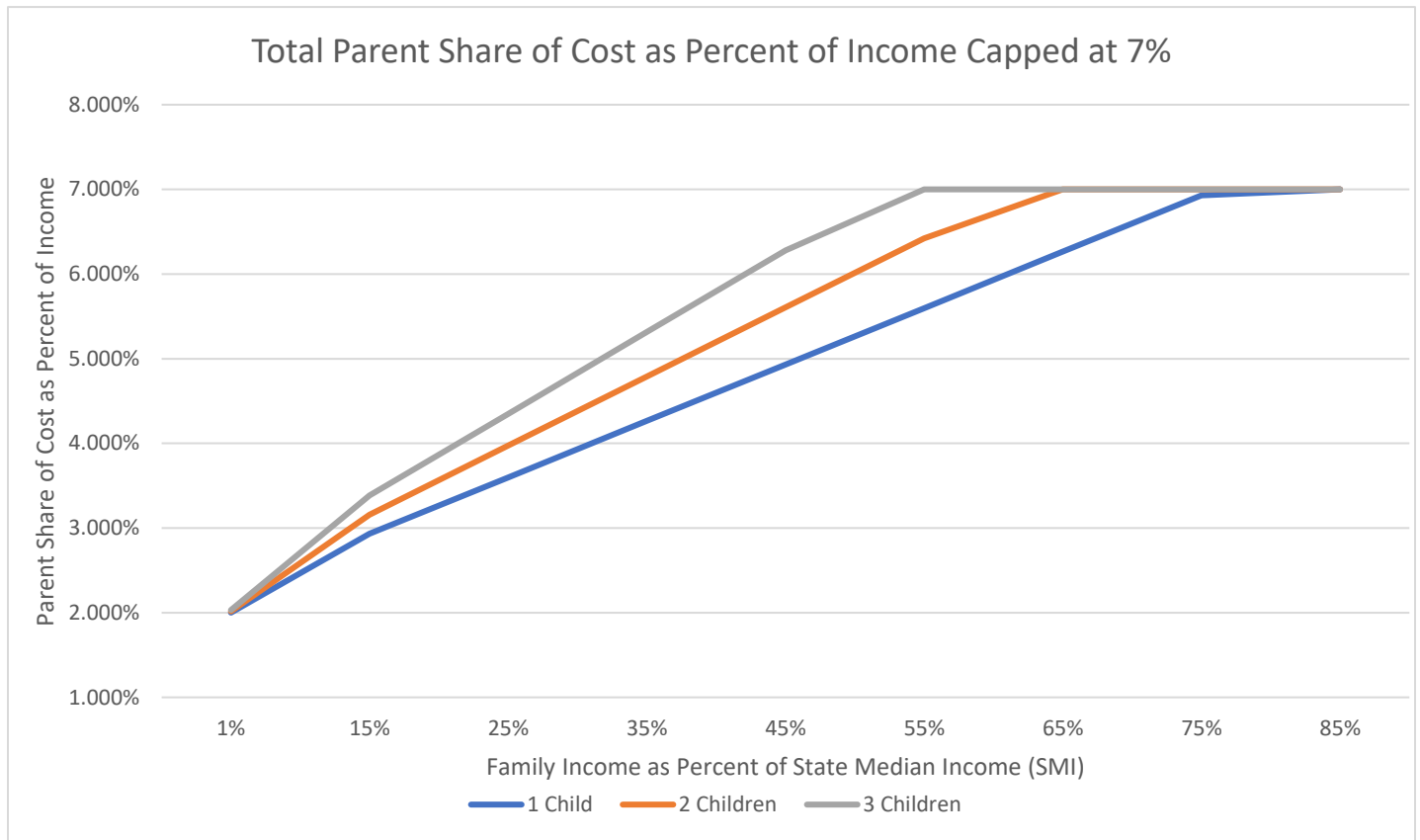
34 The methodology would go into effect with implementation of the new CCCM system this month.

35 Decision Point

36 Staff recommends approving the methodology for assessing a family's PSoC as outlined above.
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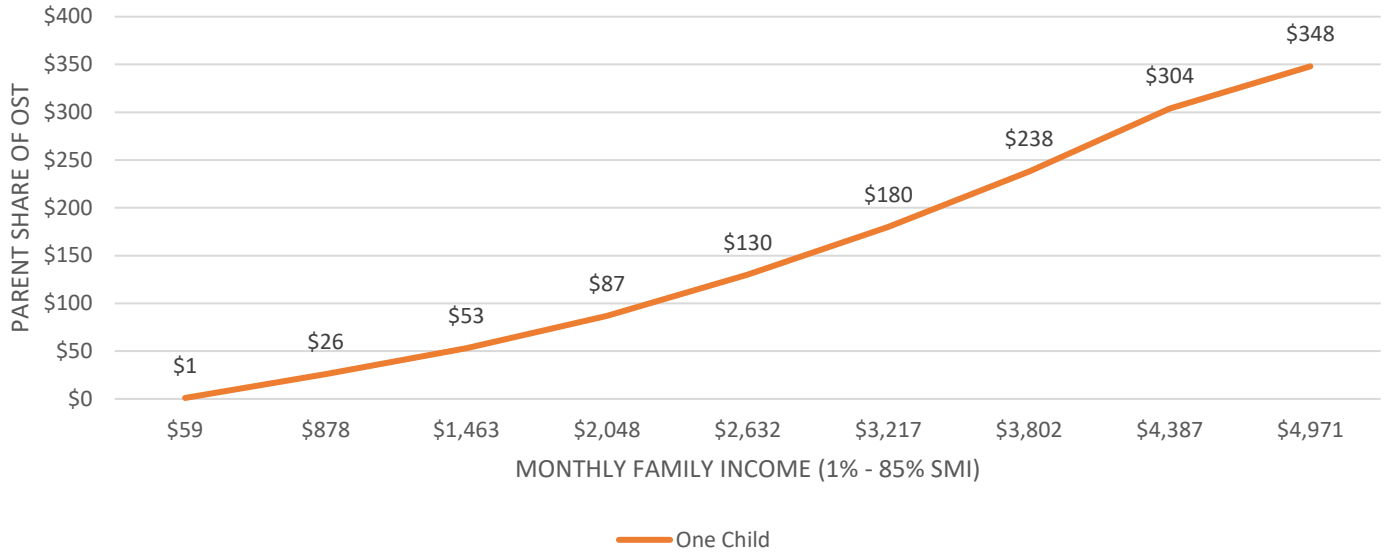
% SMI	1%	15%	25%	35%	45%	55%	65%	75%	85%
1st Child	2.000%	2.933%	3.599%	4.265%	4.930%	5.597%	6.263%	6.929%	7.000%
% Add-on Each Add'l Child	0.015%	0.225%	0.375%	0.525%	0.675%	0.825%	0.737%	0.071%	0.000%



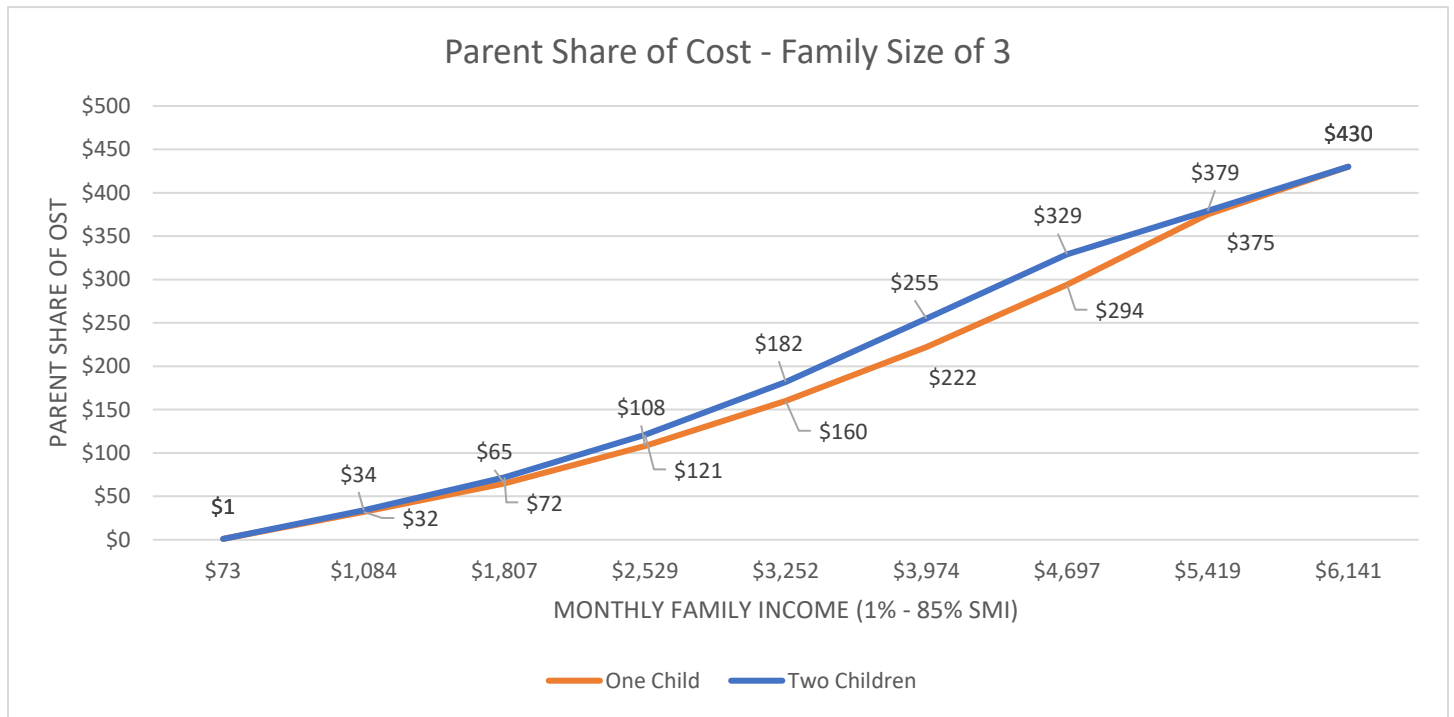
SMI	1%	15%	25%	35%	45%	55%	65%	75%	85%
1 Child	2.000%	2.933%	3.599%	4.265%	4.930%	5.597%	6.263%	6.929%	7.000%
2 Children	2.015%	3.158%	3.974%	4.790%	5.606%	6.422%	7.000%	7.000%	7.000%
3 Children	2.030%	3.383%	4.349%	5.315%	6.281%	7.000%	7.000%	7.000%	7.000%

The charts below show the parent share of cost amounts from 1 percent to 85 percent SMI (FY'25) for a family size of 2, 3 and 4 respectively.

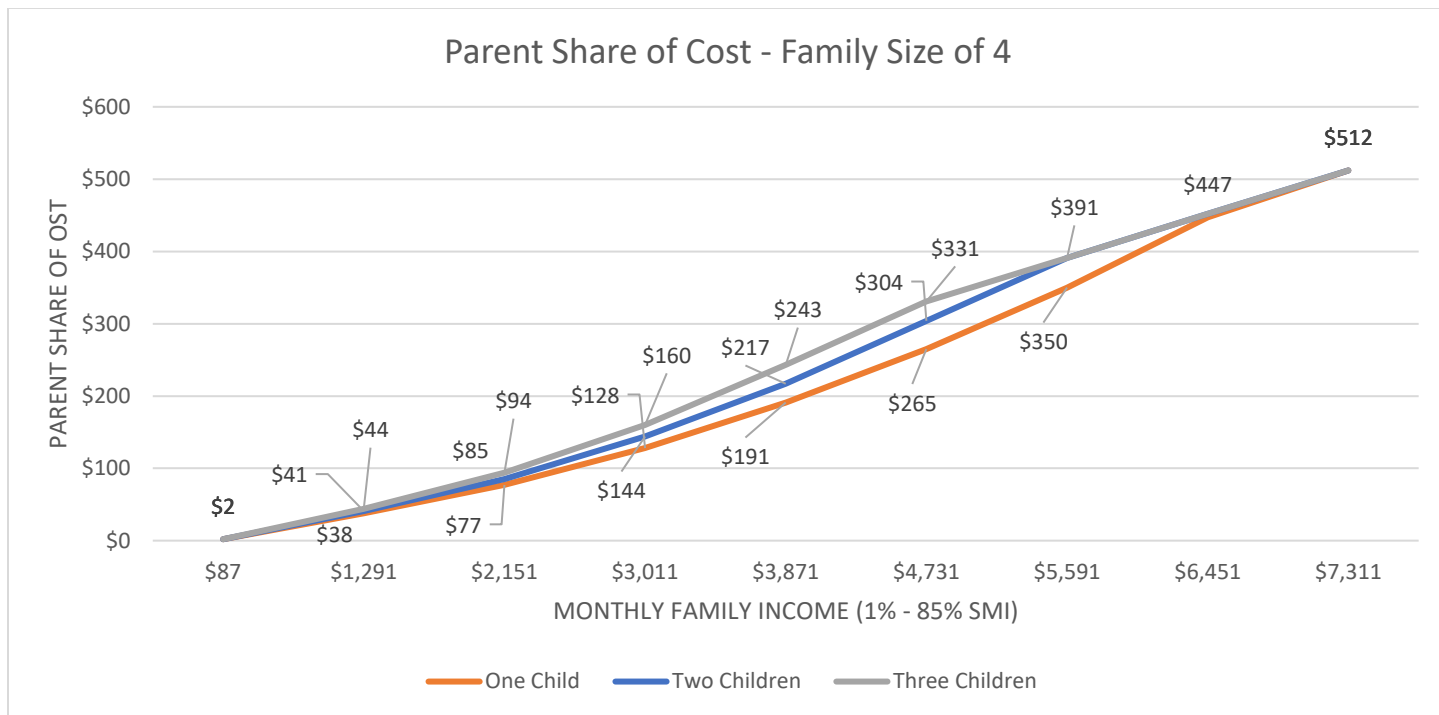
Parent Share of Cost - Family Size of 2



% SMI	1%	15%	25%	35%	45%	55%	65%	75%	85%
Monthly Income	\$59	\$878	\$1,463	\$2,048	\$2,632	\$3,217	\$3,802	\$4,387	\$4,971
Monthly PSoC - 1 Child	\$1	\$26	\$53	\$87	\$130	\$180	\$238	\$304	\$348



% SMI	1%	15%	25%	35%	45%	55%	65%	75%	85%
Monthly Income	\$73	\$1,084	\$1,807	\$2,529	\$3,252	\$3,974	\$4,697	\$5,419	\$6,141
Monthly PSoC - 1 Child	\$1	\$32	\$65	\$108	\$160	\$222	\$294	\$375	\$430
Monthly PSoC - 2 Children	\$1	\$34	\$72	\$121	\$182	\$255	\$329	\$379	\$430



% SMI	1%	15%	25%	35%	45%	55%	65%	75%	85%
Monthly Income	\$87	\$1,291	\$2,151	\$3,011	\$3,871	\$4,731	\$5,591	\$6,451	\$7,311
Monthly PSoC - 1 Child	\$2	\$38	\$77	\$128	\$191	\$265	\$350	\$447	\$512
Monthly PSoC - 2 Children	\$2	\$41	\$85	\$144	\$217	\$304	\$391	\$452	\$512
Monthly PSoC - 3 Children	\$2	\$44	\$94	\$160	\$243	\$331	\$391	\$452	\$512