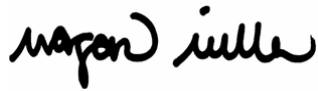


TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 06-24
Date:	May 24, 2024
Keyword:	Child Care; Fiscal- Administration; TWIST
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 Policy and Operational Changes Due to the Release of TX3C**

PURPOSE:

The purpose of this WD Letter is to provide Local Workforce Development Boards (Boards) with guidance regarding policy changes and amendments to Texas Workforce Commission (TWC) [Chapter 809](#) Child Care Services (CCS) rules due to the implementation of a new statewide CCS case management system, Texas Child Care Connection (TX3C), in July 2024.

This WD Letter contains information that is relevant to multiple audiences, such as staff members whose roles include intake/eligibility, quality assurance/monitoring, fiscal management, and provider management. Additionally, this WD Letter consists of the following sections:

- [Technical Assistance during Transition](#)
- [TX3C Phase 2 Implementation](#)
- [Customer Intake](#)
- [Changes to Provider Payment Rates and Processes](#)
- [Statewide Parent Share of Cost Policy](#)
- [Notifications](#)
- [Attachments](#)

RESCISSIONS:

None

BACKGROUND:

In 2022, TWC began the TX3C project, the purpose of which is to replace the CCS case management functionality in The Workforce Information System of Texas (TWIST) with a modern, user-friendly application. The application will be delivered in the following planned releases:

- Phase 1, Release 1: Automated Attendance was released May 17, 2023.
- Phase 1, Release 2: Availability Portal was released in August 2023.
- Phase 2, Release 1: Case Management is scheduled to be released on July 1, 2024.
- Phase 2, Release 2: Integrity Central is scheduled to be released in July 2024.

Transition to the new application includes many changes to Boards' local business processes as well as several policy changes previously approved by TWC's three-member Commission (Commission).

On September 13, 2022, the Commission amended [Chapter 809](#). Although most of the amendments became effective on October 1, 2022, several will become effective with the implementation of TX3C in 2024, including changes to:

- waiting list management;
- expanded age groups for provider payment rates;
- prospective provider payments (paying providers in advance); and
- statewide parent share of cost (PSoC).

Additionally, on November 7, 2022, the Commission adopted a [statewide methodology](#) to assess a family's PSoC, which will become effective when Phase 2, Release 1, is released. The Commission also [approved distributing \\$50 million in funding](#) to Boards in order to support the transition to paying providers prospectively.

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."

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."

Technical Assistance during Transition

NLF: Boards must review and update relevant policies and procedures by referring to Attachment 1, Board Policy and Procedure Updates Checklist.

NLF: Boards must be aware that TWC will host weekly informational sessions for CCS program staff members. Beginning in May, the interactive sessions will be held on Thursdays, from 3:00–4:00 p.m. Session topics are tentatively planned as follows:

- Outreach
- Prospective payments to providers and processing overpayments
- Customer intake, eligibility, case management workflow, and PSoC calculation
- Waiting list management and conversion of local waiting lists
- Provider management and integration with CLI Engage
- Overview of TX3C reports

- Integrity Central

LF: Boards are encouraged to submit questions in advance to childcare.programassistance@twc.texas.gov and to share questions and comments during the informational sessions. Child Care & Early Learning (CC&EL) staff will provide the recorded sessions to the Boards.

Phase 2 Implementation

Rescission of Board Policies

NLF: Boards must be aware that amendments to [Chapter 809](#) approved on September 13, 2022, include changes that are effective as of TX3C implementation in 2024. The amendments affect the following policies:

- Waiting list management
- Expanded age groups for provider payment rates
- Prospective (in advance) provider payments
- Statewide PSoC

NLF: Boards must rescind policies that are no longer required by Chapter 809. Attachment 2, Board Policies to Rescind per Amendments to Chapter 809, includes an annotated excerpt of Child Care Services Guide Section B-302, Required Board Policies, which indicates the local policies that are no longer required and the mandatory effective date.

Temporary System Suspension Period

NLF: Boards must be aware that TX3C Phase 2 will be implemented on July 1, 2024. Beginning at 7 p.m. CT on Tuesday, June 25th, through Sunday, June 30th, TWC and KinderSystems teams will be converting TWIST Child Care data to TX3C.

NLF: Boards must be aware that as of 6 p.m. Central on June 25, 2024, TWIST will no longer be available for:

- scheduler and waiting list pulls
- intake
- eligibility determination or redetermination
- new child care referrals and changes to existing child care referrals
- new provider agreements
- changes to provider information
- counselor notes

TWC will regularly apprise Boards of TX3C launch steps and progress during the system suspension and go-live period, including multiple daily updates on system status, issues identified, and resolutions reached.

NLF: Boards must be aware that after successful launch of TX3C Phase 2, TWC will notify Boards and advise when staff can resume using TWIST.

NLF: Boards must be aware that after TX3C launch, TWIST will only be available for a limited period to allow Boards to process unpaid provider payments for services delivered prior to July 1, 2024. Services delivered prior to July 1st will be paid using TWIST and, on a reimbursement, (retrospective) basis.

NLF: Boards must continue to process child care authorizations for mandatory CCS children (Choices, TANF, SNAP E&T participants, and DFPS referrals) during the system suspension period. Boards must ensure that the authorizations are documented and tracked so that the data may be entered into the new system.

LF: Boards may develop a local version of Form 2450, Child Care Services Authorization, to document CCS authorizations that are processed during the system suspension period.

Communication with Customers

NLF: Boards must notify child care providers and parents of the system transition period and the suspension period of certain CCS processes no later than June 3, 2024, as well as send a reminder on June 14, 2024. The notice must also be posted on the Board's website during the system suspension period.

LF: Boards may use the messaging templates provided in Attachment 3, Notification of TX3C Implementation Templates for Parents and Providers, to communicate to parents and providers about the transition period and what to expect.

Data Conversion

NLF: Boards must be aware that historical CCS data in TWIST dating back to October 2017 will be included in the conversion.

NLF: Boards must be aware that data conversion activities will occur iteratively through the summer and continue until system implementation on July 1. The TX3C technical team will refine the data conversion process through multiple mock runs prior to the actual data conversion and migration, which will take place during the system suspension period, June 25–30, 2024.

NLF: To support data conversion activities, Boards must provide timely responses to TWC's requests for clarification or correction of CCS program data. The requests will be managed by the CC&EL Technical Assistance department.

TWC and KinderSystems will coordinate with Boards to ensure that the Boards have support in responding to data conversion needs.

Customer Intake

New Statewide Online Application for Parents

NLF: Boards must be aware that TX3C will include a statewide online application for parents applying for CCS. The application will be web-based and mobile-device friendly. The Child Care Availability Portal will be updated to directly link to the new statewide application and portal for CCS parents.

NLF: Boards must remove local online CCS applications, including waiting list applications, on or before June 14, 2024. Boards should include language on their website notifying parents of the temporary unavailability of CCS applications. Boards should also include information regarding the pause/extension of eligibility redetermination periods.

NLF: Boards must ensure that effective July 1, 2024, their websites and child care information for parents applying for CCS directs parents to the new TX3C website:
<https://childcare.twc.texas.gov/find>

NLF: Boards must be aware that the TX3C Parent Application process will include required parent notifications, available in the [Parent Rights and Responsibilities](#), as well as the parent’s electronic acknowledgement/signature of these requirements.

LF: Boards are encouraged to provide a link to the [Parent Rights and Responsibilities](#) on their website. Linking to this document locally will provide another access point for families to find the information for reference after they have completed the application and enrollment process.

NLF: Boards must be aware that some customers may require assistance to complete the online statewide application. Boards must ensure that there are options available to assist customers who:

- do not have the technology or technological skills necessary to complete the online application;
- have limited literacy or language proficiency (application will be available in English, Spanish, and Vietnamese); or
- have a learning, mental, or cognitive disability that impacts their ability to complete the application independently.

Child Care Referrals from DFPS and Workforce Solutions Office Staff

NLF: Boards must be aware that customers whose care is authorized by Workforce Solutions Office staff members or DFPS will not use the TX3C statewide online application. Boards must manually process child care authorizations for customers authorized to receive CCS by:

- DFPS—Form 2054, Service Authorization
- Choices, TANF, SNAP E&T, and WIOA participants—Form E-2510, Notification of Child Care Eligibility

Staff will enter the referrals into TX3C, and parents will not be required to complete the TX3C online statewide application.

Waiting List Management

NLF: In accordance with [§809.18\(b\)\(4\)](#), with the launch of TX3C Phase 2 on July 1, 2024, Boards must have a process in place to contact parents with children on the waiting list every three months and remove the child from the waiting list **only** if:

- the parent indicates that they no longer need child care services; or
- the parent does not respond to the Board’s contact within two weeks.

NLF: Boards must be aware that the new waiting list functionality in TX3C (KinderWait) will support the process of contacting parents on the waiting list.

NLF: Boards must be aware that local waiting list priorities are not captured in TWIST and will not be a part of the data migration to TX3C. TWC will provide additional guidance to Boards on how TX3C manages third-priority groups and steps to transfer third-priority waiting list information.

Redeterminations

NLF: Boards must review redetermination policies and procedures and consider how the implementation of Phase 2, Release 1, will impact families whose redetermination date falls during the system suspension period, which is scheduled for June 25–30, 2024. Boards must extend the redetermination period for affected families.

LF: Boards have flexibility to determine the amount of time to extend redeterminations that fall within the system suspension period.

LF: Boards may also adjust redetermination dates that fall shortly before or after the system suspension period. Boards are encouraged to plan ahead for a backlog of both redeterminations and new applications and to consider the most efficient way to manage the workload.

Eligibility Documentation Procedures

NLF: Boards must be aware that effective July 1, 2024, TX3C will be the system of record for eligibility documentation. Parents will be able to upload documentation to the system, including pictures taken with a smart phone. Additionally, local case workers will also be able to upload paper documentation submitted by parents directly into the case management system.

NLF: Boards must be aware that residency documentation requirements will be standardized across the state with the implementation of the TX3C online parent application. Boards must review and update local policies and procedures related to eligibility documentation by July 1, 2024, to ensure that TX3C is used to collect, verify, and store all CCS eligibility documentation. Local policies and procedures must be revised in accordance with the updates to the Child Care Services Guide planned for publication in June of 2024.

NLF: Boards must review and update local policies and procedures to provide a mechanism for submitting documentation when a parent or caregiver is not able to through the online TX3C parent application.

NLF: Boards must offer alternatives for parents who lack access to the technology required to complete an online application or submit required documentation online. Alternative options include:

- a physical location with a computer, a scanner, or a mobile device with a camera;

- a phone number to reach an intake staff member who can assist with an application; or
- a physical mailing address for submitting documentation.

Changes to Provider Payment Rates and Processes

Expanded Age Groups

NLF: Boards must be aware that in accordance with [§809.20\(a\)](#), age groups for child care provider payment rates will align with Child Care Regulation age groups effective July 1, 2024, with implementation of TX3C Phase 2.

Rate Groups before July 1, 2024	<u>New Rate Groups</u> Effective July 1, 2024
Infant: 0–17 months	Infant-0: 0–11 months Infant-1: 12–17 months
Toddler: 18 months–2 years	Toddler-1: 18–23 months Toddler-2: 2 years
Preschool: 3–5 years	Preschool-3: 3 years Preschool-4: 4 years Preschool-5: 5 years
School Age: 6–13 years	School Age: 6–13 years (no changes for this age group)

NLF: Boards must ensure that providers are aware of the changes to expanded age groups and must also ensure that CCS Provider Agreement Rate Addendums are updated by October 1, 2024. Template language is available in Attachment 3 for communication purposes.

LF: Boards may accept updated provider published rates that align with the new expanded age groups prior to October 1.

Paying Providers in Advance

NLF: Boards must be aware that child care providers, except for relative child care providers, will continue to be paid based on a child’s enrollment. Based on amendments to [§809.93\(j\)](#), Boards will begin paying regulated providers prospectively every two weeks for authorized child care beginning in July 2024.

NLF: Boards must also be aware that relative providers will continue to be paid based on actual attendance **after** care is provided. Boards must continue to verify attendance prior to making payments for relative care.

NLF: Boards must ensure that all necessary staff members and contractors—including fiscal staff members—are made aware of the change to pay providers prospectively and must ensure that local procedures are developed to implement prospective payments no later than July 12, 2024.

NLF: Boards must be aware that on September 27, 2022, the Commission approved distributing \$50 million to Boards to support the transition to prospective payments. The funds are included in BCY'24 CCF grants.

NLF: Except for relative child care providers, Boards must not require providers to submit attendance reports or invoices for services. Boards must continue to track a child's absences using the TX3C automated attendance features. If a child has excessive absences, their CCS eligibility may be impacted.

NLF: Boards must ensure parents are aware that with the implementation of TX3C Phase 2 on July 1st, absence tracking will resume, and parents will be responsible for complying with TWC's attendance standards or risk termination of eligibility for excessive absences (pursuant to [§809.78](#)).

NLF: Boards must be aware that additional details regarding updating payment policies and procedures are included in Attachment 1.

Other Changes to Child Care Provider Payments

NLF: Boards must be aware that TX3C will determine the child's age on the first day of the two-week billing cycle and use the appropriate age group to determine the provider payment rate for the entire two-week payment period.

NLF: Boards must be aware that provider payment rates will be based on the rates for the provider's local workforce development area for all CCS families enrolled; payment rates will no longer be based on the area where the family resides.

NLF: Boards must ensure that providers are made aware of the changes by June 3, 2024, and Boards must share TWC-provided resources to facilitate messaging.

Statewide Parent Share of Cost Policy

NLF: Boards must be aware that amendments to [§809.19\(b\)](#) develop a consistent [statewide methodology for calculating PSoC, as follows:](#)

- For one child in care:
 - PSoC is established as a minimum of 2 percent of the family gross income for families beginning at the lowest income level, which is 1 percent of the State Median Income (SMI).
 - PSoC is gradually increased to a maximum of 7 percent of the family gross income for a family from 76 to 85 percent of the SMI.
- For each additional child in care, PSoC is calculated by a gradual percent increase with a limit of 13 percent of the family gross income.

NOTE: On April 30, 2024, the Commission proposed changes to §809.19 to limit all PSoC amounts to 7 percent of the family income regardless of the number of children in care. This proposed rule change will not become effective until October 2024.

NLF: Boards must also be aware that TX3C will automatically calculate PSoC based on gross income calculated from pay stub information entered. In TX3C, PSoC will be calculated

on a weekly basis to align with the new two-week provider payment periods (under TWIST, PSoC was calculated on a monthly basis).

LF: Boards may continue to offer discounts pursuant to §809.19; TX3C will support entering and calculating these percent reductions in PSoC.

NOTE: On April 30, 2024, the Commission proposed changes to [§809.19\(a\)\(8\)](#) to discontinue discounts for parent selected Texas Rising Star certified care. This proposed rule change will not become effective until October 2024.

NLF: Additionally, Boards must be aware that the existing PSoC for families that are already receiving care will be migrated to TX3C with their case data. Parents may request a review of their PSoC if they believe it would be lower under the new statewide policy. If a parent requests a review, Boards must reduce the PSoC to the new statewide rate if that rate is lower than the parent's previously assessed PSoC.

Note: TWC will implement additional changes to the PSoC methodology later in 2024 to align with the recently [amended](#) federal CCDF Final Rule (45 CFR Part 98). The new rule requires states to cap PSoC at 7 percent of the family income, regardless of the number of children in care. Changes to TX3C will be required for implementation. TWC will issue updated guidance prior to implementation.

Notifications of System Changes

NLF: Boards must review and update local policies and procedures for absence notifications by July 1, 2024, to ensure that TX3C is used to track excessive absences and to generate the required notifications. Absence notification procedures must be consistent with the requirements in [§809.78](#).

NLF: Boards must review and update local policies and procedures for other notifications that go to parents or providers and make updates that reflect TX3C as the system of record for counseling notes and documentation of communication with parents and providers.

INQUIRIES:

Send inquiries regarding this WD Letter to childcare.programassistance@twc.texas.gov.

ATTACHMENTS:

Attachment 1: Board Policy and Procedure Updates Checklist

Attachment 2: Board Policies to Rescind per Amendments to Chapter 809

Attachment 3: Notification of TX3C Implementation Templates for Parents and Providers

REFERENCES:

Texas Workforce Commission [Chapter 809](#) Child Care Services Rules
[Statewide Parent Share of Cost Methodology Discussion Paper](#)