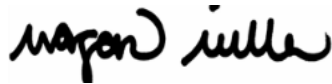


TEXAS WORKFORCE COMMISSION
Workforce Development Letter

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| ID/No: | WD 09-26 |
| Date: | April 22, 2026 |
| Keywords: | Child Care; Financial Reporting |
| Effective: | April 1, 2026 |

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



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

Subject: **Cash Draw and Expenditure Reporting Requirements for Child Care Services Program Integrity Activities**

PURPOSE:

The purpose of this WD Letter is to provide Local Workforce Development Boards (Boards) with guidance on financial reporting in the Cash Draw and Expenditure Reporting (CDER) system for Child Care Services (CCS) program integrity activities.

RESCISSIONS:

None

BACKGROUND:

On Monday, January 5, 2026, Governor Abbott [directed](#) the Texas Workforce Commission (TWC) and the Health and Human Services Commission (HHSC) to work in collaboration to implement additional anti-fraud measures and launch investigations into any potential fraud and/or misdirection of taxpayer dollars related to the CCS program.

As part of TWC's efforts to implement additional anti-fraud measures and enhance program integrity for CCS, TWC is creating a new CCS financial reporting direct cost category to track expenditures related to CCS program integrity activities.

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.”

CCS Program Integrity CDER Reporting

NLF: Boards must inform staff that all CCS costs related to program integrity must be reported in a new CDER Direct Cost category. Boards must begin reporting CCS program integrity costs that they incur from April 1, 2026, forward.

NLF: Boards must inform staff that CCS program integrity costs should be reported under the CDER line item entitled “868 - Operations - CCS Program Integrity Costs,” effective April 1, 2026. Current-month (April 2026) CCS program integrity costs will be reported on the April 2026 monthly expenditure report that is due on May 20, 2026. CCS program integrity expenses that were incurred prior to April 1, 2026, should not be reported.

NLF: Boards must inform staff that the definition of CCS program integrity costs includes costs incurred by the Board and/or the child care contractor. Program integrity costs include staff time associated with the following:

- Reviewing and following up on the CCS High Risk Report
- Conducting parent or provider fact-finding, including on-site monitoring
- Conducting provider monitoring, including on-site monitoring
- Program Integrity Reporting Tracking System data entry
- Travel expenses for on-site provider monitoring or fact-finding

Program integrity costs exclude the following:

- Indirect costs for staff performing any of the program integrity activities listed above
- Costs associated with subrecipient monitoring of the Board’s child care contractor
- Costs with the recoupment of CCS funds

NLF: Boards must use the expenditure reporting cost categories identified in [Workforce Development Letter 04-15, Change 2](#), and subsequent issuances.

INQUIRIES:

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

ATTACHMENTS:

None

REFERENCES:

[WD 04-15](#) Cash Draw and Expenditure Reporting System Instructions and any subsequent changes