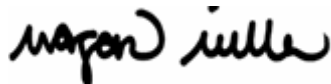


TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 11-25
Date:	September 2, 2025
Keywords:	Child Care
Effective:	October 1, 2025

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



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

Subject: **Board Contract Year 2026 Federal Poverty Guidelines and State Median Income Amounts for Determining Eligibility and Parent Share of Cost for Child Care Services**

PURPOSE:

The purpose of this WD Letter is to provide Local Workforce Development Boards (Boards) with the state median income (SMI) amounts used to determine family eligibility and Parent Share of Cost (PSoC) for Child Care Services (CCS) in Board Contract Year 2026 (BCY 2026).

RESCISSIONS:

WD Letter 20-24

BACKGROUND:

Title 40, Texas Administrative Code (TAC), Part 20, Chapter 809, Child Care Services rule [§809.41](#) establishes a statewide income eligibility limit of 85 percent of the SMI. The U.S. Department of Health and Human Services annually publishes SMI updates, and the Texas Workforce Commission (TWC) updates its automated systems accordingly.

Additionally, 40 TAC [§809.19](#) establishes a statewide policy related to assessing the PSoC for CCS. The policy requires that the PSoC:

- is determined by a sliding fee scale based on the family's size and gross monthly income as represented by a percentage of the SMI up to 85 percent SMI; and
- does not exceed 7 percent of the family income, regardless of the number of children receiving child care services.

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.”

NLF: Effective October 1, 2025, Boards must use the:

- BCY 2026 income data—[Board Contract Year 2026 Income Eligibility Limits for Child Care Services](#)—to ensure that income limits do not exceed 85 percent of SMI statewide; and
- BCY 2026 income ranges—[Board Contract Year 2026 Parent Share of Cost Chart](#)—to assess the PSoC.

INQUIRIES:

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

ATTACHMENTS:

None

REFERENCES:

[U.S. Department of Health and Human Services, LIHEAP IM 2025-02, March 3, 2025, Federal Poverty Guidelines and State Median Income Estimates for Optional Use in Federal Fiscal Year 2025 and Mandatory use in FY26](#)
[Texas Workforce Commission Chapter 809 Child Care Services Rules](#)
[Board Contract Year 2026 Income Eligibility Limits for Child Care Services](#)
[Board Contract Year 2026 Parent Share of Cost Chart](#)