

TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 15-26
Date:	August 25, 2026
Keywords:	Child Care
Effective:	October 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: Board Contract Year 2027 Child Care Services Income Limits

PURPOSE:

The purpose of this WD Letter is to provide Local Workforce Development Boards (Boards) with guidance on 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 2027 (BCY 2027).

RESCISSIONS:

WD Letter 11-25

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 of the 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, 2026, Boards must use the following:

- [BCY 2027 Income Eligibility Limits for Child Care Services and Maximum Parent Share of Cost](#) to ensure that income limits do not exceed 85 percent of the SMI statewide and assess the PSoC;
- [BCY 2027 PSoC Calculator](#); and
- [BCY 2027 PSoC Sliding Fee Scale](#).

NLF: Boards must inform staff that the BCY 2027 Income Limits, PSoC Calculator, and PSoC Sliding Fee Scale are publicly available on [TWC’s Child Care Data, Reports & Plans web page](#).

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 IM2026-01, April 24, 2026, Federal Poverty Guidelines \(FPG\) and State Median Income \(SMI\) Estimates for LIHEAP Income Eligibility Optional Use in federal Fiscal Year 2026 \(FY26\) and Mandatory Use in FY27](#)
[Texas Workforce Commission Chapter 809 Child Care Services Rules Board Contract Year 2027 Income Eligibility Limits for Child Care Services and Parent Share of Cost Chart](#)
[BCY 2027 PSoC Calculator](#)
[BCY 2027 PSoC Sliding Fee Scale](#)