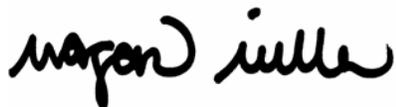


**TEXAS WORKFORCE COMMISSION**  
**Workforce Development Letter**

<b>ID/No:</b>	WD 19-21
<b>Date:</b>	September 15, 2021
<b>Keyword:</b>	Child Care
<b>Effective:</b>	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 Provider Contract Agreements**

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**PURPOSE:**

The purpose of this WD Letter is to provide information and guidance to Local Workforce Development Boards (Boards) on child care provider contract agreements for reserved slots.

**RESCISSIONS:**

None

**BACKGROUND:**

House Bill (HB) 680, 86th Texas Legislature, Regular Session (2019), added [§302.0461](#) to the Texas Labor Code, allowing Boards to contract with Texas Rising Star programs to reserve slots to provide child care services for children participating in the child care subsidy program. On January 5, 2021, the Texas Workforce Commission's (TWC) three-member Commission (Commission) adopted [final rules](#) that amended Chapter 809 Child Care Services rules to implement the option for Boards to contract for reserved slots pursuant to [§302.0461](#) of the Texas Labor Code.

Section [809.96\(a\)](#) defines "contracted slots agreement" as "a Board entering into a contract with a child care provider to reserve a specific number of places, or slots, for children participating in the child care subsidy program."

HB 2607, 87th Texas Legislature, Regular Session (2021), amended [§302.0461](#) of the Texas Labor Code, effective September 1, 2021, to require Boards that enter into provider contract agreements for reserved slots to submit reports to TWC every 12 months, rather than every six months, as required by HB 680.

**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” or “shall.”

**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.”

**LF:** Boards may enter into contracted slots agreements with Texas Rising Star 3- and 4-Star providers that agree to provide subsidized child care services to eligible children residing in the Board’s local workforce development area (workforce area).

### **Boards’ Strategic Plans and Required Policies**

**NLF:** Boards must include in their Local Workforce Development Board Plans any strategies to use contracted slots agreements, including any local priorities and how contracted slots agreements will help increase access to high-quality care for targeted communities and populations, per [§§809.12\(d\)](#) and [809.96\(c\)](#). Changes to the Board’s plan to incorporate contracted slots are considered a plan modification, pursuant to [§801.17\(c\)](#). The plan must be modified prior to initiating contracted slots procurement.

**NLF:** Boards must adopt policies and procedures for contracted slots agreements, including a policy for continued payments for vacant reserved slots, if the Board opts to enter into such agreements, per [§809.13\(c\)\(14\)](#).

**LF:** Boards may request technical assistance from TWC to support the development and implementation of contracted slots, including access to templates and tools.

### **Eligibility for a Contracted Slots Agreement**

**NLF:** Boards must be aware that [§809.96\(e\)](#) states that, to be eligible for a contract, a child care provider must be a Texas Rising Star 3-Star or 4-Star provider and meet at least one of the priorities described below.

#### **Child Care Deserts**

The provider is located in an area where the number of children under age six with working parents is at least three times greater than the capacity of licensed child care providers in the area, based on data published annually by TWC.

**NLF:** Boards must be aware that TWC will annually publish the areas in which the number of children under age six with working parents is at least three times greater than the capacity of licensed child care providers.

#### **Underserved Areas**

The definition for “underserved area” is being finalized. An update to this WD Letter will be issued when the definition is available.

#### **Prekindergarten, Early Head Start, or Head Start Partnership**

The provider is participating in a partnership with local school districts to provide prekindergarten (pre-K) services or in a partnership with an Early Head Start (EHS) or Head Start (HS) program.

- NLF:** Boards must be aware that the partnership must be a recognized formal partnership that:
- exists between a child care provider and one of the following:
    - a public school pre-K provider;
    - a local education agency; or
    - an HS/EHS program;
  - requires both parties to have entered into an agreement, such as a memorandum of understanding; and
  - serves a number of children under age six who are dually enrolled in both programs.

### **Increased Slots with High-Quality Providers for Infant and Toddler Care**

The contracted slots agreement will increase the number of places reserved for infants and toddlers by high-quality child care providers.

### **Board Priority**

- LF:** Boards may develop local priorities for contracted slots to help increase access to high-quality care for targeted communities and populations, per [§§809.12\(d\)](#) and [809.96\(c\)](#).

### **Procurement of Contracted Slots**

- NLF:** Boards entering into contracts to purchase contracted slots from providers must do so under CCDF grant awards, which require compliance with the procurement standards in both the US Office of Management and Budget (OMB) Uniform Guidance (2 CFR Part 200) and the Uniform Grant Management Standards or Texas Grant Management Standards (TxGMS), as applicable.

### **Identifying the Number of Reserved Slots**

- NLF:** The contracted slots agreement must identify the number of slots by age group (infant, toddler, preschool, or school-age) to be reserved for children participating in the child care subsidy program, per [§§809.96\(a\)](#) and [809.96\(d\)](#).

### **Payments to Providers to Reserve Slots**

- NLF:** Boards must ensure that providers are not paid for holding spaces open without a valid contracted slots agreement, per [§809.93\(g\)](#).
- NLF:** Boards must ensure that the period of continued payment adheres to the Board's policy for contracted slots agreements and must not exceed one month following the month of the vacancy, per [§809.96\(f\)](#).
- NLF:** Boards must be aware that the Board's average children served per day target, which is based upon total child care units paid, will exclude vacant contracted slot units.

### **Entering Contracted Slots Data in TWIST**

- NLF:** Boards must enter the following contracted slots agreement details in The Workforce Information System of Texas (TWIST) in the WDA Administration > Child Care Provider screens:
- Agreements/Calc Rates Tab: Enter the number of slots per age group that were contracted.

- Services/Schedule Tab: For providers with a pre-K or HS/EHS partnership, select the appropriate checkboxes under the “Partnerships” heading and select the school district with which the provider partners, if applicable.

**NLF:** Boards must enter the following details in TWIST in the Customer Information > Intake-Common screens:

- Family Tab: Enter the families’ preferred ZIP codes for child care services.
- Family Tab: For any customers needing nontraditional care hours, select the checkbox next to “Non-Traditional Hours.”
- Family Tab: Select the box next to “Contracted Slot” on the Referral Detail screen when referring a child to a contracted slot.

**NLF:** Boards must use the TWIST Web/Child Care Claims Application (CCCA) Reserved Slot Payment screens to record payments to providers for reserved unfilled slots. CCCA will debit payments against the Board’s Child Care Formula (CCF) Funding Contract in TWIST.

**Enrolling Children from the Board’s Waiting List**

**NLF:** Per [§809.96\(g\)](#), except for children directly referred from recognized pre-K or HS/EHS partnerships to fill open reserved slots, Boards must contact, in order of the Board’s waiting list, families:

- that requested care in the ZIP code where the provider with the open reserved slot is located; and
- whose child is in the age group for which a slot is available.

**NLF:** Boards must not remove families from the waiting list if a parent declines a contracted slot. Parents retain the right to choose the provider that best meets their family’s needs and are not required to accept the offer of an open slot with a contracted provider.

**NLF:** Boards must be aware that a Board’s policy shall exempt children directly referred from a recognized partnership from the Board’s waiting list, subject to the availability of funding and the availability of subsidized slots at the partnership site, as described in [§809.22](#).

**Board Required Reporting**

**NLF:** Boards that enter into a contracted slots agreement must complete the Board Contracted Slots Report (Attachment 1). Within the report, the Contracted Slots Goals tab must be completed prior to initiating the contracted slots agreement. Per [§§809.96\(h\)–\(i\)](#), Boards must also submit the report to TWC within 12 months of entering into a contract and every 12 months thereafter, determining the contract’s effect on the:

- financial stability of providers participating in the contract, which must include the following data elements:
  - Percent tuition collected
  - Vacancy rate
  - Cost per child
- availability of high-quality child care options available to participants in TWC’s subsidy program;
- number of high-quality providers in any part of the workforce area with a high concentration of families that need child care;

- percentage of children participating in TWC’s subsidized child care program at each Texas Rising Star provider in the workforce area; and
- additional information as requested by TWC.

Boards must use the report template to provide this information to TWC (Attachment 1).

**NLF:** Boards must adjust the CCF direct care amounts in TWIST on at least a quarterly basis to reflect reductions in direct care amounts related to payments to providers for reserved slots during times of transition between the time that one child leaves the program and another child is placed in the slot.

**Required Contracted Slots Agreement Elements**

**NLF:** Boards must include the following elements in each contracted slots agreement:

- The priorities described in [§809.96\(e\)](#), and included in the Board Plan, that the agreement will address
- The number of slots by age group (infant, toddler, preschool, or school-age) to be reserved for children participating in the child care subsidy program
- Assurance that the provider will timely report vacant slots and the provider’s timely acceptance of referrals to fill vacant slots
- Procedures for continued payments for vacant reserved slots
- Procedures for provider reporting of “financial stability” pursuant to [§809.96\(h\)](#)
- Data elements required for provider reporting of “financial stability”
- Total enrollment

**INQUIRIES:**

Send inquiries regarding this WD Letter to [childcare.programassistance@twc.texas.gov](mailto:childcare.programassistance@twc.texas.gov).

**ATTACHMENTS:**

Attachment 1: Board Contracted Slots Report

**REFERENCES:**

US Office of Management and Budget (OMB) Uniform Guidance (2 CFR Part 200)  
 Texas Comptroller of Public Accounts Uniform Grant Management Standards  
 Texas Comptroller of Public Accounts Texas Grant Management Standards  
 Texas Workforce Commission Chapter 809 Child Care Services Rules