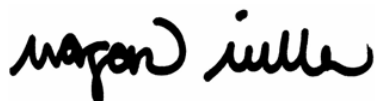


TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 22-22
Date:	September 19, 2022
Keyword:	Child Care
Effective:	October 1, 2022

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 Maximum Reimbursement Rate Increases**

PURPOSE:

The purpose of this Workforce Development (WD) Letter is to provide information and guidance to Local Workforce Development Boards (Boards) on increased child care provider reimbursement rates.

RESCISSIONS:

WD Letter 24-21

BACKGROUND:

The US Office of Child Care encourages states to adjust the lowest maximum reimbursement rates to the 75th percentile. On September 13, 2022, the Texas Workforce Commission's (TWC) three-member Commission (Commission) took action to set the lowest threshold for child care maximum reimbursement rates at the 75th percentile of the market rate, based on the most recent Market Rate Survey (MRS).

Texas Rising Star and Texas School Ready (TSR) maximum reimbursement rates continue to be tiered in accordance with [Texas Workforce Commission Chapter 809 Child Care Services rule §809.20](#).

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.”

NLF: Boards must be aware that maximum reimbursement rates for all categories of nonrelative child care that currently fall below the 75th percentile will be increased to the 75th percentile in accordance with the most recent MRS. These rate increases are effective October 1 of the year during which the MRS is released.

NLF: Boards must be aware that if a local reimbursement rate for a category of care was in effect before October 1 and is higher than the calculated increased rate for that category, the higher rate continues to be in effect after October 1. No provider reimbursement rates will be reduced based on this guidance.

NLF: Boards must be aware that the Texas Rising Star reimbursement rates have been calculated based on the most recent MRS 75th percentile for non-TRS providers and continue to be based on the following benchmarks:

- Texas Rising Star Four-Star providers' reimbursement rates must be set at 9 percent greater than the rates of Three-Star providers.
- Texas Rising Star Three-Star providers' reimbursement rates must be set at 7 percent greater than the rates of Two-Star providers.
- Texas Rising Star Two-Star providers' reimbursement rates must be set at 5 percent greater than non-TRS providers' regular child care rates.

NLF: Boards must be aware that TWC will calculate and enter the reimbursement rates of each category of care into The Workforce Information System of Texas (TWIST) for each Board. (See Attachment 1, Fiscal Year 2023 Child Care Provider Reimbursement Rates.) The new rates are effective on October 1 of each year.

NLF: Boards must ensure that provider agreements containing specific reimbursement rate information are updated to reflect the new rates. Boards must ensure that all affected agreements are updated by November 30 of each year.

INQUIRIES:

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

ATTACHMENTS:

Attachment 1: Fiscal Year 2023 Child Care Provider Reimbursement Rates

REFERENCES:

Title 45 Code of Federal Regulations §98.45, Equal Access

Texas Workforce Commission Chapter 809 Child Care Services Rule §809.20, Maximum Provider Reimbursement Rates