

TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 24-21
Date:	September 23, 2021
Keyword:	Child Care
Effective:	October 1, 2021

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

Reagan Miller

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

Subject: **Child Care Provider Maximum Reimbursement Rate Increases**

PURPOSE:

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

RESCISSIONS:

WD Letter 25-20

BACKGROUND:

On August 31, 2021, the Texas Workforce Commission's (TWC) three-member Commission (Commission) took action to ensure that Boards' maximum reimbursement rates are set at the following levels based on the most recent Market Rate Survey (MRS):

- 60th percentile for infants
- 55th percentile for toddlers
- 50th percentile for preschool and school-age children

Additionally, the Commission's action ties enhanced reimbursement rates for Texas Rising Star programs to the following benchmarks for 4-Star providers, based on the most recent MRS with adjustments necessary to ensure that Texas Rising Star rates meet the parameters of [40 TAC §809.20\(c\)-\(d\)](#):

- 85th percentile for infants
- 80th percentile for toddlers
- 75th percentile for preschool and school-age children

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 regular (non–Texas Rising Star) rates for all nonrelative provider types that currently fall below the 60th percentile for infants, 55th percentile for toddlers, and 50th percentile for preschool and school-age children for the most recent MRS will be increased to the appropriate percentile. 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 rates will be reduced based on this guidance.

NLF: Boards must be aware that the Texas Rising Star rates have been calculated based on the most recent MRS and continue to be based on the following benchmarks:

- Set reimbursement rates for Texas Rising Star 4-Star providers at the 85th percentile for infants, 80th percentile for toddlers, and 75th percentile for preschool and school-age children
- Set reimbursement rates for Texas Rising Star 3-Star providers at 90 percent of the local 4-Star rate
- Set reimbursement rates for Texas Rising Star 2-Star providers at 90 percent of the local 3-Star rate

NLF: Boards must be aware that TWC will calculate and enter the rates into The Workforce Information System of Texas (TWIST) for each category of care for each Board. (See Attachment 1, FY’22 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 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: FY’22 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