

## TEXAS WORKFORCE COMMISSION LETTER

<b>ID/No:</b>	WD 12-08, Change 1
<b>Date:</b>	June 10, 2008
<b>Keyword:</b>	Child Care
<b>Effective:</b>	Immediately

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

**From:** *Laurence M. Jones*  
Laurence M. Jones, Director, Workforce Development Division

**Subject:** **Electronic Funds Transfer and/or Debit Card Payment to Child Care Providers—Update**

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### **PURPOSE:**

This WD Letter provides updated information and guidance to Local Workforce Development Boards (Boards) on implementation of electronic funds transfer (EFT) and/or debit card payments to child care providers.

### **BACKGROUND:**

On December 18, 2007, the Texas Workforce Commission (Commission) approved the requirement for Boards to implement a system that offers the use of both EFT and debit cards for payments to child care providers.

The benefits of an EFT/debit card payment system include:

- predictable vendor payments;
- reduction in the cost of providing replacements for lost checks;
- reduction in staff time spent on the billing process;
- reduced opportunity for fraud;
- reduced opportunity for theft;
- elimination of the need to stop payments and reissue lost checks; and
- elimination of the need for bank reconciliation efforts to track outstanding checks.

Finally, an EFT/debit card payment system allows child care providers to be reimbursed in a timelier manner, thus providing an additional incentive for the providers to accept children receiving Commission-funded child care services.

On April 15, 2008, the Commission approved Board requests for the flexibility to determine locally which payment option is most practical for each local workforce development area:

- EFT and debit card;
- EFT only; or
- Debit card only.

Boards have submitted implementation plans to their Senior Contract Team Leads outlining strategies for an EFT/debit card payment system for all child care providers. These plans indicate that most Boards currently use or would use local accounting systems and applications rather than the Child Care Service Delivery (CCSD) application to generate payments to child care providers and produce a file to be sent to the Automated Clearing House (ACH) system. Therefore, because it would receive only limited use by Boards, it has been determined that creation of an ACH file process at the state level is not cost effective. Efforts will focus instead on creating electronic versions of the Provider Check Proof report and a payment extract file for use in local accounting systems.

**PROCEDURES:**

Board EFT and/or debit card plans must be implemented no later than October 1, 2008, the beginning of Board Contract Year 2009.

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Boards must perform an open competition procurement to ensure a best value purchase. However, if a Board can negotiate a reasonable rate under its existing banking relationship, procurement for these new services is not required.

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Boards must be aware that effective October 1, 2008, CCSD application enhancements to support provider payments through the EFT/debit card payment system will:

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- remove the ability to print mock checks;
- convert the current Provider Check Proof into a provider payment proof report that can be saved and printed; and
- require the entry of justification reasons for exception check payments to providers.

In exceptional circumstances, Boards may determine that a check is required. These exceptions are to enable Boards to provide payment only when the EFT and/or debit card is not a viable payment method.

LF

Boards may use Attachment 1, the Electronic Funds Transfer and/or Debit Card Payment System Implementation Checklist, in planning and executing their EFT/debit card payment system.

LF

Boards may customize Attachment 2, a child care provider Sample Authorization Form, which authorizes deposits to a provider's account.

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Boards may use Attachment 3, the Side-By-Side Comparison of Current and New Payment Processing to see the changes from the current provider payment processing system to the new EFT/debit card payment system.

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Boards may use Attachment 4, the Electronic Funds Transfer Payment System Process Flow and Extract File, to see the data in the extract of payments that can be imported into other systems.

**LF**

**INQUIRIES:**

Direct inquiries regarding this WD Letter to [wfpolicy.clarifications@twc.state.tx.us](mailto:wfpolicy.clarifications@twc.state.tx.us).

**ATTACHMENTS:**

Attachment 1: Electronic Funds Transfer and/or Debit Card Payment System Implementation Checklist

Attachment 2: Sample Authorization Form

Attachment 3: Side-by-Side Comparison of Current and New Payment Processing

Attachment 4: Electronic Funds Transfer Payment System Process Flow and Extract File

**RESCISSIONS:**

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**REFERENCE:**

Minutes of Texas Workforce Commission's December 18, 2007, open meeting

(<http://www.twc.state.tx.us/twcinfo/minutes/121807mt.pdf>)

Minutes of Texas Workforce Commission's April 15, 2008, open meeting

(<http://www.twc.state.tx.us/twcinfo/minutes/041508mt.pdf>)

**FLEXIBILITY RATINGS:**

**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."