

TEXAS WORKFORCE COMMISSION LETTER

ID/No:	WD 40-10, Change 1
Date:	January 7, 2011
Keyword:	Child Care
Effective:	Immediately

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



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

Subject: **Establishing Local Child Care Reimbursement Rates—*Update***

PURPOSE:

To provide Local Workforce Development Boards (Boards) with information and guidance on establishing local child care reimbursement rates.

This update adds the requirement that Boards provide their current and proposed maximum reimbursement rates as part of their written justification for increasing maximum reimbursement rates.

CHANGES TO WD LETTER 40-10:

New information in this WD Letter is indicated by:

- A ~~strikethrough~~ of the original language, which indicates that language has been deleted; and
- **Bold** typeface, which indicates new or clarifying language.

BACKGROUND:

Pursuant to the Texas Workforce Commission's (Commission) Child Care Services rule §809.20, Boards are responsible for establishing local child care reimbursement rates and have the flexibility to increase maximum reimbursement rates based on local factors, including the Commission's market rate survey. While Boards can increase local rates, a Board's reimbursement rate has to allow the Board to meet its contracted target for the Average Number of Children Served Per Day performance measure and remain within its child care allocation.

The average cost of child care has risen in the last several years; it is anticipated that this trend will continue based on the following:

- Increases in the Temporary Assistance for Needy Families caseload that were not anticipated when the Commission developed its State Fiscal Year 2010–2011 Legislative Appropriation Request and that have resulted in

proportionate increases in Choices child care, which is more expensive because Choices parents are not subject to a parent co-pay requirement.

- Increased funds dedicated to quality improvement activities are anticipated to result in a greater number of providers who qualify for enhanced reimbursement rates. Providers will qualify for enhanced reimbursement rates if they are:
 - Texas Rising Star providers;
 - participating in integrated school readiness models developed by the State Center for Early Childhood Development; or
 - Texas School Ready!TM certified.
- Recent Chapter 809, Child Care Services, rule changes placing new requirements on the use of relative child care provided exclusively in the child's home (in-home child care) may result in decreases in the number of relative child care providers.

With these increases, and the Fiscal Year 2011 (FY'11) Average Number of Children Served Per Day performance target being slightly higher than the FY'10 target, the Commission is concerned about the ability of the Boards and the state to meet the FY'11 performance target.

PROCEDURES:

Before increasing local child care reimbursement rates, a Board must provide the Commission with and receive Commission approval of a written justification for increasing the maximum reimbursement rate. The justification must demonstrate that the Board:

NLF

- can ~~fully~~ meet **at least 97.5 percent of** its FY'11 contracted target for the Average Number of Children Served Per Day performance measure; and
- will remain within its child care allocation.

Boards also must ensure that the justification:

NLF

- sets forth the methodology, including supporting data, used to reach these determinations; **and**
- **includes a completed Current and Proposed Maximum Reimbursement Rates form included as Attachment 1 to this WD Letter.**

If there are additional rate categories not listed in Attachment 1, Boards must edit the form, as necessary, to include those rates.

NLF

In addition to the required components of the written justification, Boards may provide other information in the justification to support an increase in the maximum reimbursement rates.

LF

Boards must submit the written justification to childcare.programassistance@twc.state.tx.us.

NLF

INQUIRIES:

Direct inquiries regarding this WD Letter to wfpolicy.clarifications@twc.state.tx.us.

ATTACHMENT:

Attachment 1: Current and Proposed Maximum Reimbursement Rates

RESCISSIONS:

WD Letter 40-10

REFERENCE:

Texas Workforce Commission Child Care Services Rule: 40 TAC §809.20

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.”