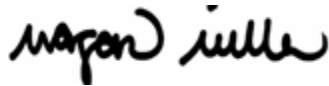


TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 06-24, Change 2
Date:	October 10, 2024
Keywords:	Child Care; Fiscal- Administration; TWIST
Effective:	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 Policy and Operational Changes Due to the Release of TX3C—
Update**

PURPOSE:

The purpose of this WD Letter is to provide Local Workforce Development Boards (Boards) with guidance regarding policy changes and amendments to Texas Workforce Commission (TWC) [Chapter 809](#) Child Care Services (CCS) rules due to the implementation of a new statewide CCS case management system, Texas Child Care Connection (TX3C), in December 2024.

This updated letter contains information that is relevant to multiple audiences, such as staff members whose roles include intake/eligibility, quality assurance/monitoring, fiscal management, and provider management. Additionally, this letter consists of the following sections:

- [Technical Assistance during Transition](#)
- [TX3C Phase 2 Implementation](#)
- [Customer Intake](#)
- [Changes to Provider Payment Rates and Processes](#)
- [Statewide Parent Share of Cost Policy \(PSoC\)](#)
- [Notifications](#)
- [Attachments](#)

RESCISSIONS:

WD Letter 06-24, Change 1

BACKGROUND:

In 2022, TWC began the TX3C project to replace the CCS case management functionality in The Workforce Information System of Texas (TWIST) with a modern,

user-friendly application. The application will be delivered in the following planned releases:

- Phase 1, Release 1: Automated Attendance was released May 17, 2023.
- Phase 1, Release 2: Availability Portal was released in August 2023.
- Phase 2, Release 1: Case Management is scheduled to be released on December 9, 2024.
- Phase 2, Release 2: Integrity Central is scheduled to be released in early 2025.

Transition to the new application includes many changes to Boards' local business processes as well as several policy changes previously approved by TWC's three-member Commission (Commission).

On September 13, 2022, the Commission amended [Chapter 809](#). Although most of the amendments became effective on October 1, 2022, several will become effective with the implementation of TX3C in 2024, including changes to:

- waiting list management;
- expanded age groups for provider payment rates;
- prospective provider payments (paying providers in advance); and
- statewide PSoC.

Additionally, on November 7, 2022, the Commission adopted a [statewide methodology](#) to assess a family's PSoC, which will become effective when Phase 2, Release 1, is released. The Commission also approved [distributing \\$50 million](#) in funding to Boards in order to support the transition to paying providers prospectively.

Although TX3C will be released in December, TWIST will remain the system of record through December 8, 2024.

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."

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."

Technical Assistance during Transition

NLF: Boards must review and update relevant policies and procedures by referring to Attachment 1: Board Policy and Procedure Updates Checklist.

NLF: Boards must be aware that TWC will host regular informational sessions for CCS program staff members. These sessions will continue through the launch of TX3C.

LF: Boards are encouraged to submit questions in advance to childcare.programassistance@twc.texas.gov and to share questions and comments during the informational sessions. Child Care & Early Learning (CC&EL) staff will provide the recorded sessions to the Boards.

TX3C Phase 2 Implementation

Rescission of Board Policies

NLF: Boards must be aware that amendments to [Chapter 809](#) approved on September 13, 2022, include changes that are effective as of TX3C implementation in 2024. The amendments affect the following policies:

- Waiting list management
- Expanded age groups for provider payment rates
- Prospective (in advance) provider payments
- Statewide PSoC

NLF: Boards must rescind policies that are no longer required by Chapter 809. Attachment 2: Board Policies to Rescind per Amendments to Chapter 809 includes an annotated excerpt of Child Care Services Guide Section B-302, Required Board Policies, which indicates the local policies that are no longer required and the mandatory effective date.

NLF: Boards must be aware that the local policies superseded by the new statewide policies must be rescinded; those policies may be rescinded through a consent agenda at the next regular Board meeting.

NLF: Due to changing implementation dates for TX3C, some Boards may have rescinded local policies based on the originally issued effective date for TX3C full implementation of December 9, 2024. Boards must be aware that no additional Board policy action is required if a policy was rescinded with a July 1, 2024, effective date, despite the implementation delay in TX3C full implementation. TWC recognizes Boards' inability to align local effective dates with changing state effective dates and will consider these circumstances in future monitoring activities.

Temporary System Suspension Period

NLF: Boards must be aware that TWC will make full system functionality of TX3C Phase 2 available to Boards on December 9, 2024. Between July 1 and December 8, 2024, Boards will have access to the full production model of TXC3 in a production sandbox environment (also known as "UAT"). During the first week of December 2024, TWC and KinderSystems teams will convert TWIST Child Care data to TX3C. TWIST and TX3C will be temporarily unavailable during this conversion.

NLF: Boards must be aware that beginning the first week of December 2024, TWIST will no longer be available for:

- scheduler and waiting list pulls;
- intake;
- eligibility determination or redetermination;
- new child care referrals and changes to existing child care referrals;

- new provider agreements;
- changes to provider information; and
- counselor notes.

NLF: Boards must be aware that after the successful launch of TX3C Phase 2, TWC will notify Boards and advise when staff can resume using TWIST.

NLF: Boards must be aware that after TX3C launch, TWIST will only be available for a limited period to allow Boards to process unpaid provider payments for services delivered prior to December 9, 2024. Services delivered prior to December 9 will be paid using TWIST and on a reimbursement (retrospective) basis.

NLF: Boards must continue to process child care authorizations for mandatory CCS children (Choices, TANF, SNAP E&T participants, and DFPS referrals) during the system suspension period. Boards must ensure that the authorizations are documented and tracked so that the data may be entered into the new system.

LF: Boards may develop a local version of Form 2450, Child Care Services Authorization, to document CCS authorizations that are processed during the system suspension period.

Communication with Customers

NLF: Boards must notify/remind child care providers and parents of the system transition period and the suspension period of certain CCS processes no later than October 25, 2024. The notice must also be posted on the Board’s website during the system suspension period.

LF: Boards may use the updated messaging templates provided in Attachment 3: Notification of TX3C Implementation Templates for Parents and Providers, to communicate to parents and providers about the transition period and what to expect.

NLF: Boards must be aware that TWC will use the messaging functionality in KinderConnect to send out broadcast messages to parents and child care providers to notify them of the upcoming launch of the full system and other pertinent statewide information.

Data Conversion

NLF: Boards must be aware that historical CCS data in TWIST dating back to October 2017 will be included in the conversion.

NLF: Boards must be aware that a full data conversion will be performed June 25–June 30 to populate a production “sandbox” environment (formerly “UAT”). Prior to December 9, 2024, and Boards beginning to use full TX3C functionality, TWC will convert July–December TWIST data to TX3C.

NLF: To support data conversion activities, Boards must provide timely responses to TWC’s requests for clarification or correction of CCS program data. The requests will be managed by the CC&EL Technical Assistance department.

TWC and KinderSystems will coordinate with Boards to ensure that the Boards have support in responding to data conversion needs.

Customer Intake

New Statewide Online Application for Parents

- NLF:** Boards must be aware that TX3C will include a statewide online application for parents applying for CCS. The application will be web-based and mobile-device friendly. The Child Care Availability Portal will be updated to directly link to the new statewide application and portal for CCS parents.
- NLF:** Boards must remove local online CCS applications, including waiting list applications, on or before November 30, 2024. Boards should include language on their websites notifying parents of the temporary unavailability of CCS applications. Boards should also include information regarding the pause/extension of eligibility redetermination periods. TWC may extend eligibility periods beyond the 13 months normally allowed (as defined in Section D-1005 of the CCS Guide).
- NLF:** Boards must ensure that effective December 9, 2024, their websites and child care information for parents applying for CCS directs parents to the new TX3C website: <https://childcare.twc.texas.gov/find>.
- NLF:** Boards must be aware that the TX3C Parent Application process will include required parent notifications, available in the [Parent Rights and Responsibilities](#), as well as the parent's electronic acknowledgement/signature of these requirements.
- LF:** Boards are encouraged to provide a link to the [Parent Rights and Responsibilities](#) on their websites. Linking to this document locally will provide another access point for families to find the information for reference after they have completed the application and enrollment process.
- NLF:** Boards must be aware that some customers may require assistance to complete the online statewide application. Boards must ensure that there are options available to assist customers who:
- do not have the technology or technological skills necessary to complete the online application;
 - have limited literacy or language proficiency (application will be available in English, Spanish, and Vietnamese); or
 - have a learning, mental, or cognitive disability that impacts their ability to complete the application independently.
- NLF:** Boards must be aware that TWC will provide Boards with a new paper application that aligns with the statewide online application for customers that are unable to apply online.

Child Care Referrals from DFPS

NLF: Boards must be aware that customers whose care is authorized by Department of Family and Protective Services (DFPS) will not use the TX3C statewide online application or an automated referral interface. Boards must manually process child care authorizations for customers authorized to receive CCS by DFPS—Form 2054, Service Authorization. Staff will enter the referrals into TX3C, and parents will not be required to complete the TX3C online statewide application.

Waiting List Management

NLF: In accordance with [§809.18\(b\)\(4\)](#), with the launch of TX3C Phase 2 on December 9, 2024, Boards must have a process in place to contact parents with children on the waiting list every three months and remove the child from the waiting list **only** if:

- the parent indicates that they no longer need child care services; or
- the parent does not respond to the Board’s contact within two weeks.

NLF: Boards must be aware that the new waiting list functionality in TX3C (KinderWait) will support the process of contacting parents on the waiting list.

NLF: Boards must be aware that local waiting list priorities are not captured in TWIST and will not be a part of the data migration to TX3C.

Redeterminations

NLF: Boards must review redetermination policies and procedures and consider how the implementation of Phase 2, Release 1, will impact families whose redetermination date falls during the system suspension period, which will take place in the first week of December 2024. Boards must extend the redetermination period for affected families.

LF: Boards may also adjust redetermination dates that fall shortly before or after the system suspension period. Boards are encouraged to plan ahead for a backlog of both redeterminations and new applications and to consider the most efficient way to manage the workload.

LF: Boards have flexibility to determine the amount of time to extend redeterminations affected by system transition activities.

Eligibility Documentation Procedures

NLF: Boards must be aware that effective December 9, 2024, TX3C will be the system of record for eligibility documentation. Parents will be able to upload documentation to the system, including pictures taken with a smart phone. Additionally, local case workers will also be able to upload paper documentation submitted by parents directly into the case management system.

NLF: Boards must be aware that residency documentation requirements will be standardized across the state with the implementation of the TX3C online parent application. Boards must review and update local policies and procedures related to eligibility documentation by December 9, 2024, to ensure that TX3C is used to collect, verify, and store all CCS eligibility documentation. Local policies and procedures must be revised in accordance with the updates to the CCS Guide planned for publication in October 2024.

NLF: Boards must review and update local policies and procedures to provide a mechanism for submitting documentation when a parent or caregiver is not able to through the online TX3C parent application.

NLF: Boards must offer alternatives for parents who lack access to the technology required to complete an online application or submit required documentation online. Alternative options include:

- a physical location with a computer, a scanner, or a mobile device with a camera;
- a phone number to reach an intake staff member who can assist with an application; or
- a physical mailing address for submitting documentation.

Changes to Provider Payment Rates and Processes

Expanded Age Groups

NLF: Boards must be aware that in accordance with [§809.20\(a\)](#), age groups for child care provider payment rates will align with Child Care Regulation age groups effective December 9, 2024, with the implementation of TX3C Phase 2.

Rate Groups before December 9, 2024	<u>New</u> Rate Groups Effective December 9, 2024
Infant: 0–17 months	Infant-0: 0–11 months Infant-1: 12–17 months
Toddler: 18 months–2 years	Toddler-1: 18–23 months Toddler-2: 2 years
Preschool: 3–5 years	Preschool-3: 3 years Preschool-4: 4 years Preschool-5: 5 years
School Age: 6–13 years	School Age: 6–13 years (no changes for this age group)

NLF: Boards must ensure that providers are aware of the changes to expanded age groups and must also ensure that CCS Provider Agreement Rate Addendums are updated in accordance with [WD 19-24](#). Template language is available in Attachment 3 for communication purposes.

LF: Boards may accept updated provider published rates that align with the new expanded age groups prior to October 1.

Paying Providers in Advance

NLF: Boards must be aware that child care providers, except for relative child care providers, will continue to be paid based on a child’s enrollment. Based on amendments to [§809.93\(j\)](#), Boards will begin paying regulated providers prospectively every two weeks for authorized child care beginning December 9, 2024. TWC recognizes that payments for the initial payment period may not be made prospectively as Boards transition to the new payment system.

NLF: Boards must also be aware that relative providers will continue to be paid based on actual attendance **after** care is provided. Boards must continue to verify attendance prior to making payments for relative care.

NLF: Boards must ensure that all necessary staff members and contractors—including fiscal staff members—are made aware of the change to pay providers prospectively and must ensure that local procedures are developed to implement prospective payments no later than December 9, 2024.

NLF: Boards must be aware that on September 27, 2022, the Commission approved distributing \$50 million to Boards to support the transition to prospective payments. The funds, which were included in Board Contract Year (BCY) 2024 Child Care Formula (CCF) grants, will be carried forward to BCY 2025 grants TWC will adjust Boards' distribution amount for the prospective payments up or down to ensure Boards receive the funding needed to cover the initial prospective payment period.

NLF: Except for relative child care providers, Boards must not require providers to submit attendance reports or invoices for services. Boards must continue to track a child's absences using the TX3C automated attendance features. If a child has excessive absences, their CCS eligibility may be impacted.

NLF: Boards must ensure parents are aware that with the implementation of TX3C Phase 2 on December 9, 2024, absence tracking will resume, and parents will be responsible for complying with TWC's attendance standards or risk termination of eligibility for excessive absences (pursuant to [§809.78](#)).

NLF: Boards must be aware that additional details regarding updating payment policies and procedures are included in Attachment 1.

Other Changes to Child Care Provider Payments

NLF: Boards must be aware that TX3C will determine the child's age on the first day of the two-week billing cycle and use the appropriate age group to determine the provider payment rate for the entire two-week payment period.

NLF: Boards must be aware that provider payment rates will be based on the rates for the provider's local workforce development area for all CCS families enrolled; payment rates will no longer be based on the area where the family resides.

NLF: Boards must ensure that providers are made aware of the changes by October 25, 2024.

Additional Policy and System Changes

Statewide Parent Share of Cost Policy

NLF: Boards must be aware that to comply with new federal requirements, on December 9, 2024, TWC will implement a consistent statewide policy, as follows:

- For one child in care:

- PSoC is established as a minimum of 2 percent of the family gross income for families beginning at the lowest income level, which is 1 percent of the State Median Income (SMI).
- PSoC is gradually increased to a maximum of 7 percent of the family gross income for a family from 76 to 85 percent of the SMI.
- For each additional child in care, PSoC is calculated by a gradual percent increase with a limit of 7 percent of the family gross income.

NLF: Boards must be aware that parents may request a review of their PSoC if they believe it would be lower under the new statewide policy. If a parent requests a review, Boards must reduce the PSoC to the new statewide rate if that rate is lower than the parent’s previously assessed PSoC.

LF: Boards may continue to offer reductions for part-time and blended care pursuant to [§809.19](#); TX3C will support entering and calculating these percent reductions in PSoC.

NLF: Boards must discontinue discounts for parent-selected Texas Rising Star certified care. Boards must continue the discounted PSoC for families that are currently receiving a discount through the end of the eligibility period.

System Notifications and Case Notes

NLF: Boards must review and update local procedures for absence notifications by December 9, 2024, to ensure that TX3C is used to track excessive absences and to generate the required notifications. Absence notification procedures must be consistent with the requirements in [§809.78](#). TX3C will support automatic notification to parents and providers when a child reaches absence thresholds outlined in rule and will retain record of the notifications.

NLF: Boards must review and update local procedures for other notifications that go to parents or providers and make updates that reflect TX3C as the system of record for counseling notes and documentation of communication with parents and providers.

12-Month Eligibility for Children Added to a Household and Care

NLF: Effective December 9, 2024, and pursuant to 45 CFR 98.21(d), Boards must ensure that each child enrolled in child care, including siblings added to an existing CCS case, receives a minimum of 12 months of eligibility.

NLF: Boards must extend redetermination dates for all children in a family when an additional child is enrolled in CCS to ensure that every child in the family receives a minimum of 12 months of care, with the exception of DFPS-funded care in which each child’s case is considered a “family of one.”

Note: Boards must ensure staff members manually adjust the family’s eligibility redetermination date in TX3C when a new child in care results in an extended eligibility period.

NLF: Boards must notify both parents and providers of the extension of CCS eligibility when the redetermination date is extended due to a new child added to the case.

Elimination of “Voluntary Withdrawal” Termination Reason

NLF: Boards must be aware that pursuant to 45 CFR 98.21, eligibility may not be redetermined sooner than 12 months of the most recent eligibility determination. Per guidance from the federal Office of Child Care, this policy applies to families that voluntarily withdraw from the program. Effective December 9, 2024, Boards must suspend care in TX3C rather than terminate eligibility. Eligibility must be terminated when the end of the 12-month period is reached if the family has not come back into care.

INQUIRIES:

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

ATTACHMENTS:

Attachment 1: Board Policy and Procedure Updates Checklist

Attachment 2: Board Policies to Rescind per Amendments to Chapter 809

Attachment 3: Notification of TX3C Implementation Templates for Parents and Providers

Attachment 4: Revisions to WD Letter 06-24, Change 1 Shown in Track Changes

REFERENCES:

45 CFR Part 98 Child Care Development Fund

Texas Workforce Commission [Chapter 809](#) Child Care Services Rules

[Statewide Parent Share of Cost Methodology Discussion Paper](#)