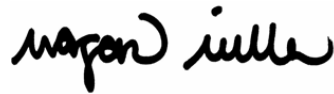


TEXAS WORKFORCE COMMISSION
Workforce Development Letter

ID/No:	WD 19-24
Date:	September 24, 2024
Keyword:	Child Care
Effective:	October 1, 2024

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



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

Subject: Board Contract Year 2025 Child Care Provider Payment Rates

PURPOSE:

The purpose of this WD Letter is to provide information and guidance to Local Workforce Development Boards (Boards) on the Board Contract Year 2025 (BCY 2025) child care provider payment rates.

RESCISSION(S):

WD Letter 20-23

BACKGROUND:

Under the federal Child Care Development Fund (CCDF) regulations and program guidance ([§98.45 Equal Access](#) and [CCDF-ACF-PI-2018-04](#)), states are required to ensure equal access to child care services for children served in the Child Care Services (CCS) program. States must consider the most recent Market Rate Survey as well as data from their narrow cost analysis and use this information when setting provider payment rates. Additionally, the US Office of Child Care encourages states to set the lowest maximum payment rates to the 75th percentile of the Market Rate Survey.

Title 40, Texas Administrative Code (TAC), Part 20, Chapter 809 Child Care Services rule [§809.20\(a\)](#) requires Boards to establish maximum payment rates at or above a level established by Texas Workforce Commission's (TWC) three-member Commission (Commission). On September 10, 2024, the Commission took action to set maximum payment rates beginning in BCY 2025 based on the following criteria:

- Set each rate at the higher of:
 - the 75th percentile of the most recent Market Rate Survey (for the type of care, age of child, and local workforce development area); or

- the baseline rate from the applicable Cost of Quality Price Modeling Report.
- If any rate would drop below the prior year’s level, maintain the prior year’s higher rate.

For BCY 2025, TWC used the following data sources:

- [2024 Texas Child Care Market Rate Survey](#)
- [2023 Cost of Quality Price Modeling Report for Centers](#)
- [2024 Cost of Quality Price Modeling Report for Homes](#)

The Cost of Quality Price Modeling Report includes “baseline rates,” which are defined as “prices charged by providers of child care that at a minimum meet state licensing standards.”

Texas Rising Star and Texas School Ready (TSR) maximum payment rates continue to be tiered in accordance with TAC [§809.20](#).

TWC is currently planning to launch the new child care case management system, the Texas Child Care Connection (TX3C), in the fall of 2024. With the release of TX3C, TWC will implement revisions to the age ranges. Pending the launch of TX3C, child care rates will continue to be based on the four current age range categories. The rate will be based upon the lowest of the rates within the four age ranges; this will ensure that at the launch of TX3C, no rates will be lowered.

At the launch of TX3C, child care rates will be based upon the new eight age ranges:

Current Age Ranges	New Age Ranges
Infant	0–11 months
	12–17 months
Toddler	18–23 months
	2 years
Preschool	3 years
	4 years
	5 years
School-age	6–13 years

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.”

NLF: Boards must be aware that the Commission-approved [methodology](#) for determining BCY 2025 rates sets the minimum level for those rates, and Boards may not reduce any rate below these approved levels.

LF: TWC does not set minimum thresholds for payment rates for child care provided on evenings or weekends or care provided by relative providers. Boards may set these rates locally.

NLF: For any local rate adjustments, rates must be approved by the full Board at a posted, open meeting. Additionally, Boards must report the adjustment by emailing childcare.programassistance@twc.texas.gov. The email must include details on the rates affected and effective dates of the change.

NLF: Boards must be aware that Texas Rising Star–certified providers must receive an increased payment rate, as follows:

- Texas Rising Star Four-Star providers’ payment rates must be set at 9 percent greater than non–Texas Rising Star providers’ regular child care rates.
- Texas Rising Star Three-Star providers’ payment rates must be set at 7 percent greater than non–Texas Rising Star providers’ regular child care rates.
- Texas Rising Star Two-Star providers’ payment rates must be set at 5 percent greater than non–Texas Rising Star providers’ regular child care rates.
- There must be at least a 2-percentage difference between Two- and Three-Star providers and between Three- and Four-Star providers.

NLF: Boards must also be aware that TWC will calculate and enter the payment rates for each Board and each category of care into TWC’s child care case management system. These rates will be based on the four current age ranges (Infant [0–17 months], Toddler [18 months–2 years], Preschool [3–5 years], and School Age [6–13 years]) prior to the launch of TX3C. The BCY 2025 Board Maximum Provider Payment Rates for the four age groups can be accessed [here](#). These rates are effective from October 1, 2024, through December 8, 2024.

NLF: Boards must be aware that TWC will issue updated guidance prior to the launch of TX3C with updated rates based on the eight age ranges described in the background section. No rates will be decreased with that change. The BCY 2025 Board Maximum Provider Payment Rates for the eight age groups can be accessed [here](#). These rates are effective from December 9, 2024, through September 30, 2025.

NLF: Boards must ensure that provider agreements or associated rate addendums containing specific payment rate information are updated to reflect the new rates. Boards must also 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:

None

REFERENCES:

Title 45 Code of Federal Regulations §98.45, Equal Access

Title 40, Texas Administrative Code, Part 20, Chapter 809 Child Care Services Rule §809.20, Maximum Provider Reimbursement Rates

Board Contract Year 2025 Child Care Provider Payment Rates—Effective October 1, 2024

Board Contract Year 2025 Child Care Provider Payment Rates—Effective December 9, 2024