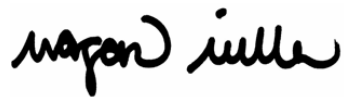


**TEXAS WORKFORCE COMMISSION**  
**Workforce Development Letter**

ID/No:	WD 27-23, Change 2
Date:	September 4, 2024
Keyword:	Child Care
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:** **Board Contract Year 2024 Child Care Allocations and Targets—Update**

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**PURPOSE:**

The purpose of this WD Letter is to provide Local Workforce Development Boards (Boards) with guidance on the distribution of Board Contract Year 2024 (BCY'24) funds following a midyear review.

This updated letter provides modified allocations and targets following the incorporation of recently collected and analyzed data.

**RESCISSIONS:**

WD Letter 27-23, Change 1

**BACKGROUND:**

On September 19, 2023, the Texas Workforce Commission's (TWC) three-member Commission (Commission) approved the [BCY'24 allocations, distributions, and targets for child care](#). On March 18, 2024, the Commission approved [updates to targets and allocations](#) based on a midyear review.

As TWC and the Boards implement new requirements for all Child Care Services (CCS) providers to become Texas Rising Star certified, the amount TWC reimburses providers for child care services will increase (based on the Texas Rising Star enhanced reimbursement rates). The midyear review process allows TWC to analyze more recent data and determine if the cost assumptions that were used to set BCY'24 targets have changed.

In BCY'24, TWC will also launch a new child care case management system, the Texas Child Care Connection (TX3C). With the launch of the new system, the Commission-approved policy change to pay providers based on the provider's Board area (rather than the Board area where the child resides) will go into effect. Additionally, the new Parent Share of Cost (PSoC) will be implemented for newly CCS-enrolled families and gradually over time as families' 12-month redeterminations are processed.

The total approved BCY'24 performance target is 144,807 children (average served per day), based on the approved allocation of \$1,191,167,812. TWC staff reviewed updated data to determine if additional funding needs to be allocated to reach the approved target of 144,807 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."

**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 \$1.19 billion to be distributed to all Boards, as shown in Attachment 1: BCY'24 Midyear Board Allocations and Targets.

**NLF:** Boards must be aware that based on the midyear review of both case mix changes and of the change in policy to pay providers based on the provider location beginning July 1, 2024, with the launch of TX3C, TWC has estimated that 21 Boards will need, in total, an additional \$20,986,281 to meet their target (see Attachment 1).

The remaining seven Boards have sufficient funding to meet their targets and serve, on average, an additional 329 children per day statewide, bringing the total average number of children served per day in BCY'24 from 144,807 to 145,136.

**NLF:** Boards also must be aware that TWC has updated child care performance targets to reflect BCY'24 child care allocations based on the midyear review, as shown in Attachment 1.

**NLF:** Boards must be aware that TWC will conduct a year-end reconciliation through the following steps:

1. Review updated CCS data throughout the remainder of BCY'24.
2. Reconcile the actual average cost of care at the end of the year.

3. Distribute funding to Boards whose average daily rate increases and who do not have sufficient funding to meet their approved average children served per day target.

**NLF:** Boards must report obligations and expenditures for direct care in the Cash Draw and Expenditure Reporting (CDER) system under the Direct Care – Local Child Care Solutions cost category 869. The category will be a regular cost category for BCY’24 Child Care Formula grant awards.

**NLF:** Boards must report obligations and expenditures for the 4 percent Quality Allocation in the CDER system as described in [WD Letter 23-23](#), issued on October 10, 2023, and titled “Child Care Quality Funds Report and Implementation and Expenditure Plan” and any subsequent issuances.

**NLF:** Boards must be aware that their BCY’24 grant awards originally included both the BCY’24 allocations and the Board’s relative proportion of supplemental funding to cover the cost of implementing prospective payments. However, with the delay in implementing TX3C, these funds will be rolled over to Boards’ BCY’25 contracts.

**NLF:** Boards must be aware that Texas Rising Star mentor funding distributions are detailed in [WD Letter 17-23](#), issued September 7, 2023, and titled “Funds for Hiring and Retaining Texas Rising Star Mentors” and [WD 17-23, Attachment 1](#) titled “Board Contract Year 2024 Texas Rising Star Mentor Distributions.”

**INQUIRIES:**

Send inquiries regarding this WD Letter to [childcare.programassistance@twc.texas.gov](mailto:childcare.programassistance@twc.texas.gov).

**ATTACHMENTS:**

Attachment 1: BCY’24 Midyear Board Allocations and Targets

Attachment 2: Revisions to WD Letter 27-23, Change 1, Shown in Track Changes

**REFERENCES:**

WD Letter 23-23 Child Care Quality Funds Report and Implementation and Expenditure Plan

WD Letter 17-23 Funds for Hiring and Retaining Texas Rising Star Mentors