July 2, 2026

The Honorable Lois Kolkhorst, Chair
The Honorable Lacey Hull, Vice Chair
Members of the Sunset Advisory Commission
P.O. Box 13066
Austin, Texas 78711

Re: Texas 2036 Comments on the TWC Sunset Staff Report (Child Care Focus)

Dear Chair Kolkhorst, Vice Chair Hull, and Members of the Commission:

Texas 2036 is a nonpartisan public policy organization that uses data to help Texas remain the best place to live, work, and raise a family. Child care is central to that mission — it shapes whether parents can work, whether employers can fully staff their businesses, and whether Texas children arrive at kindergarten ready to learn. We have followed the Sunset review of the Texas Workforce Commission (TWC) closely, and we write to commend the staff's work and to offer a few observations we hope are useful as the Commission deliberates.

We want to be clear at the outset: this is a strong report. The staff's examination of how TWC oversees local workforce development boards (LWDBs), and its candid documentation of weaknesses in child care fraud detection and the agency's data systems, reflects exactly the kind of rigorous, evidence-based scrutiny these programs need. Our comments are offered in that spirit — not to dispute the findings, but to suggest where they might be made more durable, and where the review's own evidence points toward questions worth carrying forward.

Recommendations we strongly support

Stronger oversight of local workforce boards. We commend the staff's diagnosis of fragmented LWDB oversight. The finding that statutory authority is split such that the entity empowered to act rarely does — "the council does not exercise this power" (p. 20) — and that from 2015 to 2025 "76 percent of adverse actions never progressed beyond a [technical assistance plan] regardless of severity" (p. 21), names a genuine accountability gap. We support consolidating oversight authority in a single accountable entity (Rec 1.1) and requiring meaningful public reporting of board performance (Rec 1.4).

Consistent, well-supervised child care fraud investigations. The report's treatment of child care fraud is especially valuable. The observation that reliance on 28 boards has left Texas with "28 different standards for investigating child care fraud" (p. 80) is a textbook illustration of what inconsistent oversight produces. We support directing TWC staff to supervise these investigations directly (Rec 5.5) and to track and analyze fraud data systematically (Rec 5.6).

A unified data foundation. We strongly support the recommendation that TWC complete a unified data model and adopt a unique, cross-program customer identifier (Rec 4.9). The staff's finding that the agency "cannot fully evaluate whether it is working as an integrated system to serve Texans across programs" (p. 72) goes to the heart of good government: the state cannot manage what it cannot measure.

Better data for child care funding decisions. We support giving TWC visibility into how partner agencies spend federal child care funds (Rec 6.1) and modernizing the child care market rate survey to provide the Legislature timelier, higher-quality data (Recs 6.3 and 6.4). As the report notes, declining survey response rates and year-old data have already produced costly surprises for appropriators (pp. 95–96).

Areas for Improvement

Several of the most consequential recommendations are framed as management actions with extended, informal timelines. We respectfully encourage the Commission to give them greater durability:

- **Put the data work on a firmer footing.** The unified data model and unique identifier (Rec 4.9) are foundational. We encourage the Commission to consider a statutory requirement with a firm deadline and a report to the Legislature — and to specify that the identifier be designed so it can ultimately reconcile records across agencies, not only within TWC. Cross-program insight is the entire purpose; an identifier confined to TWC would solve only half the problem.
- **Make the survey improvements permanent and transparent.** We encourage making the pre-session preliminary market-rate report (Rec 6.4) a permanent feature rather than one contingent on a future contract, and requiring that the modernized methodology and response rates be published.
- **Measure boards on outcomes, not checkboxes.** In implementing public performance reporting (Rec 1.4), we encourage standardized, comparable metrics reported publicly, rather than the binary scorecard the report rightly critiques (p. 29).

What the data work would unlock. It is worth making concrete what a unified, cross-program data foundation would let the state finally answer. Consider the Texas Rising Star (TRS) system, the state's principal child care quality program: providers are reimbursed at higher rates for higher quality ratings (p. 12). Yet Texas cannot reliably determine whether children who attended higher-rated TRS providers arrive at kindergarten better prepared than children from lower-rated settings. The quality and subsidy data the state already collects are not linked to the kindergarten-readiness data the state also holds — so the state's largest child care quality investment cannot be evaluated on the very outcome it exists to produce. The Legislature recognized this gap in 2025 when it directed the creation of an integrated early childhood data system (HB 3963, 89R), but that system is not yet built.

The report supplies two further illustrations of the same root problem. More than a year after the new child care case management system launched, a data error still leaves the state unable to know the true size of the subsidy waitlist that should guide funding decisions (p. 64). And because TWC cannot track an individual across its programs, a parent who receives both a child care subsidy and workforce services can appear as unrelated records (p. 72). A unique identifier and data model built to reconcile across programs — and, ultimately, across agencies — is the foundation that makes each of these questions answerable, and it is why we encourage putting this work on a firm statutory footing.

Structural Governance Issues Beyond TWC

The report's findings repeatedly brush against a larger structural question. The staff document that TWC, as the lead agency for federal child care funds, was for years unaware how a partner agency had been spending those funds (pp. 92–93); and that the agency lacks a unified view across its own programs (p. 72). These are not merely operational shortcomings. They are the predictable result of a child care system administered across multiple agencies, each executing a distinct mandate, with no single entity accountable for the whole.

We recognize that the broader architecture of child care governance spans multiple agencies and reaches beyond TWC alone, and that the Legislature has created the Governor's Task Force on Early Childhood Education and Care and related bodies precisely to address it. We respectfully encourage the Commission to (1) frame these findings as evidence of a structural — not merely operational — challenge, and (2) formally commend its findings on child care governance to the Task Force and the Legislature, where those questions properly reside while acting within this review on the cross-program data foundation the staff report itself recommends (Rec 4.9).

In that connection, we note the report's brief observation that staff “considered” but set aside a consolidation or transfer of TWC's child care functions as “more disruptive than beneficial” (p. 92). We would gently observe that the case for unifying child care governance does not rest on performing today's siloed tasks better; it rests on creating system-level insight and a single point of accountability for whether the system works for families — benefits that a within-agency operational analysis is not designed to capture. If the Commission intends to leave structural questions to the Task Force and the Legislature, as we believe is appropriate here, it may prefer to defer to them cleanly rather than appear to foreclose options such as consolidation or transfer of some functions.

Finally, the review gave little attention to whether the Texas Rising Star program — mandatory for subsidized providers and tied to their reimbursement — is achieving its purpose as a quality program. In Texas 2036's own research, providers describe tension between its quality expectations and separate safety regulation, and parents do not consistently read its ratings as a signal of quality. Whether this central quality investment is working is a question worth a future review — and, as noted above, one the data foundation we encourage would finally make answerable.

Conclusion

This is a thorough and clear-eyed report, and the Commission and its staff deserve real credit for it. The recommendations on board accountability, fraud, and data infrastructure would meaningfully improve how Texas serves working families, and we support them. We offer these comments only to help ensure the report's strongest insights endure and that its evidence informs the broader governance conversation now underway. Texas 2036 stands ready to assist the Commission, the Task Force, and the Legislature with data and analysis as that work proceeds.

Respectfully submitted,

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