

From: [Sunset Advisory Commission](#)
To: [Jalisa Broussard](#)
Subject: FW: Public Input Form for Agencies Under Review (Private/Before Publication)
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From: sunset.website@brightleafgroup.com <sunset.website@brightleafgroup.com>
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Submitted by: Visitor

Submitted values are:

Choose the agency that you would like to provide input about
[Texas Workforce Commission](#)

Public Comments

1

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Your Comments or Concerns

Dear Sunset Advisory Committee Members and Commissioners,

Thank you for giving the Texas Licensed Child Care Association the opportunity to meet with the team that was conducting the review so that they could hear directly from providers, like me, that actually have experience dealing with TWC and the local WFB on all types of child care related issues. For the most part, TLCCA supports the findings and recommendations of the 6 key issues that were identified in the report.

1. On issue one we agree and support the idea that TWC needs to have better oversight and accountability over the 28 WFB's. The Child Care Services program makes up the largest part of the local WFB's budgets, however when there are issues with the WFB's we have been told directly by the past TWC Chairman, that TWC has very little authority over how the boards operate or held accountable. We would like the legislators to change that.

2. On issue 4, TWC needs to improve and integrate their IT program and systems. The new Kinder Connect & TX3c systems were supposed to streamline the processes for families and providers, however since the launch in February of 2025 there have been payment errors, families have been knocked out of the system, and some providers have ended up closing due to all of the payment issues. As recently as last week, providers in certain board areas were still reporting payment delays. In February of 2025, Reagan Miller, who is the Director over the Child Care Services, downplayed the problems with the launch of the new system at one of the Commissioner's weekly meetings. Had it not been for a provider calling in to ask what TWC was doing to fix the problem, the Commissioners would never have known there was a problem. However, Reagan minimized the situation by stating that payments had only been late by a few days, but that they were working on the solution. The issues persisted, so TLCCA met with Chairman Daniels and Ed Cerna, the executive director in late May of 2025. Cerna said they had been told by Kinder systems that the problem should be resolved by the end of June. Chairman Daniels stated that the system had not performed as promised and that the State was looking at suing the company. But once again, offered no solutions for how providers were supposed to make up for weeks and months of late and incorrect payments. Our

experience has been there has been a passing of the buck of responsibility between the WFB's, the Director of Child Care Services, the Executive Director and Chairman of TWC. We think the new Chairman, Joe Esparza is doing a great job of being transparent about what he is finding, but he is limited on how much he can do based on the legislative structure of agency. We would like to see these groups be held as accountable as the providers are expected to be. Since we don't have a single state agency over the regulations of child care, if we have an issue with one of the agencies, we don't know who to go to with the issues for resolution.

3. TWC needs better oversight & accountability over the WFB's child care fraud investigations. While we do not believe there is rampant intentional fraud happening within the state, TLCCA is concerned that providers are being put in a situation, where the billing and over payment issues could be viewed as fraudulent behavior versus it being a result of faulty equipment or ineffective software provided by TWC and user errors within the local WFB staff members administering the programs. Again, the experience has been, a provider has a problem with the system, they call their local WFB, the WFB tells them to call Kinder Connect, they do not get a call back from Kinder connect, they then receive an email from the WFB stating there are multiple absences on a child or that they have been overpaid and the money is being deducted from their next reimbursement check all before the provider can actually reconcile whether they received an over payment or not.

4. TWC needs to create a new market survey to determine child care reimbursement rates. In my 18 years in business, I have never received an e-mail nor received a phone call by TWC asking about my rates. I have asked a TWC representative in the past, what is their response rate to the survey's, and they said it was very low, so that will often skew the determination of the actual rate that providers need. Three years ago I worked on a project with TWC to develop a "True Cost of Care Calculator" that can help a provider clearly see what their operating expenses are and what do they need to charge in order to be profitable. It takes into account different employee pay rates around the states and the difference in subsidy payment rates by WFB. The bottom line is that the provider determines what they need to charge to be profitable and then determine if families in their area can afford to pay. Equal access should mean equal reimbursement. If private pay families are able to pay the rates being charged, then a subsidized family should be

given help to pay the provider their rate, but the provider should not be expected to accept a rate that is lower than what they charge, just to bring in a subsidized family. That is not how business works. Child Care businesses shouldn't have to subsidize the state child care subsidy program.

There are two more areas that were not covered in the Sunset Advisory Committee Staff Report and need to be addressed before the final report is submitted. Among all of the other programs, TWC is also directly responsible for the administration and oversight of both the Texas Rising Star (TRS) Quality rating system and the Pre-K Partnership program. These programs are complicated, expensive to administer and unable to produce the intended results in significant numbers.

1. The TRS program has been around since 1991 and it was voluntary for subsidy providers to participate in the program. From 1991 to Oct 2023 very few subsidy providers participated in TRS because there was no financial benefit to being a part of the program and it required multiple adjustments and additional assessments outside of the Annual licensing review. Non-Subsidize providers would not participate in the program because not have subsidy students. In 2021 HB 2607 passed and it became mandatory for all subsidy providers to start participating in the TRS program, which meant they as providers would have to spend excessive time and money to prepare for additional standards, rearranging classrooms and preparing staff for a different set of expectations from licensing. This also meant that TWC would have to hire enough staff to get about 3,000+ new centers into the program if they wanted to continue to receive subsidized students. The TRS program did not grow in numbers because providers thought it would be good for their programs; they literally had no choice. For some providers, like me, this was a time, where the subsidy waitlist had grown to around 30,000 and we were not seeing as many inquiries for the program. I was being expected to change how I run my entire program for two subsidized children, for which I was not getting paid my full tuition rate. There was actually about an \$80.00/child/wk. difference between what I charged and what I got paid by TWC. In theory, the higher the STAR rating I got, the more I would get reimbursed up to almost 10%. So that would be about an \$8.00/wk increase or 20 cents/hour. I wouldn't receive any additional funding for the other students in my program. Just the 20 cents per, hour and only if I had a subsidy student reenrolled. How much money did TWC spend on payroll, benefits, travel expenses, other program

expensed for me to be able to get a 20 cent increase. That is not efficient or practical use of the funds. Currently the TRS program is administered by a third party vendor and there have been major conflicts between the mentors and the assessors of the program which puts the providers in the middle, with no one to go to when there is a problem. Although the number of 3 & 4 STAR programs have increased, the associated increase in reimbursement costs have recently caused TWC to vote on 10% reduction in the budget for the Subsidy Program, which equates to the loss of about 14,000 subsidy seats and an ever growing waitlist.

2. In 2019, HB 3 was passed which required public schools to start offering free Full Day Pre-K for 4 year old children that would qualify for free. Child Care providers were concerned that this could have a negative impact on their 4 year old enrollments, so a provision was added to the Bill that required LEA's to attempt to do a Pre-K partnership with a local provider, before the LEA could repurpose classrooms or build new classrooms to expand their Pre-K programs. This was supposed to start in September of 2019, however there was also a 3 year waiver period that LEA's could use if they didn't think they could get full day pre-k put into place that quickly. The majority of ISD's used the waiver and then Covid hit. Public schools were closed 2020 & 2021. Then in 2021, TWC used some of the Covid funds to create a Pre-K partnership program where they were going to go around the State and try facilitate Pre-K partnerships between Providers & LEA's. Again, most ISD's weren't interested in Partnerships or didn't bother to return phone calls. TWC had hired 25 new statewide Facilitators 3 regional directors and 1 over all director. In the past 5 years that the program has been in existence, my 4 STAR center has never been contacted by the TWC Pre-K Partner facilitator for my area.

TWC also decided to give money to some third-party groups to create "HUB"'s around the state and those groups have created partnerships with ISD's and child care providers that are hundred's of miles apart. How can a child be dual enrolled in a child care center and a public school that are hundreds of miles away. The intent of the Bill was for local ISD's to form partnerships with local child care providers. Instead, what has happened is that the ISD's have issued multimillion dollar bonds to build their own new Pre-K centers without ever partnering. Leander ISD spent \$60 million dollars to build a Pre-K center for 600 students, but didn't partner with any local daycares. Meanwhile, TWC is spending money on a program that has not

produced significant results. We have over 14,000 licensed child care centers and homes in the state, but TWC can only solicit on behalf about 3,500 providers. Their low numbers on page 108 of their self audit report show how little progress has been made in 5 years. TEA can only monitor those districts that self report the information, so as of now there is no state agency holding the ISD's, TWC or TEA or accountable for making the Pre-K Partnerships work, but lots of people are getting paid, students are being served, and providers are going out of business.

Your Proposed Solution

The following are our potential recommendations regarding the TRS and Pre-K Partnership programs:

1. TWC needs to establish a permanent Advisory Committee for Texas Rising Star Program. It should be mandated, that the members include 2 center providers, 2 home providers, 2 faith-based providers, 2 workforce Board child care reps, 2 workforce board members from their Child Care Division, 2 licensing field reps, 2 licensing regional reps, TWC Director of Child Care and THHS Child Care Regulations Director. The people that implement have to be accountable to the program, should be more of the direct part of the decision-making progress when any type of changes are going to be made to the program. There should also be protocols in place to have better oversight and accountability of the third-party vendors and a mechanism in place to hold TWC accountable much quicker when programs like these are not working. Additionally, we question, how viable is the TRS program going to be going forward, when TWC is cutting the budget which means there will be less kids to serve. Providers should not be held to a high-quality standard, unless they are getting reimbursed at what it truly cost to provide quality care. In 18 years, I have never had a private pay parent come to me and ask what is my STAR rating? I have never had a subsidized parent, come to me and ask what is my STAR rating? They ask, what are my hours, my rates, how many teachers I have in the room, what kind of meals that we serve and what are our hours. I have had parents make multiple referrals to us because they think we are great and I have had parents leave, because they didn't think we were doing a good enough job for their child. Parents make the choice about what is quality to them, based on where they choose to spend their money and how long they stay there. If the general public doesn't know about the STAR program, what the star level mean, and how much work and expense goes into maintaining those levels, what value does it hold? My staff were already getting 30 hours of training annually, have whatever supplies they need for their classroom projects and family engagements activities through-out the year. It may not be how TRS would do it, but my license report is good and my families are happy. Is there a less

expensive and more effective way to demonstrate that a facility is providing "High Quality Care" and is the state willing to pay for it?

2. Our 2nd recommendation is that TWC discontinue the Pre-K partnership and redirect those funds into the Child Care Services program with the explicit intent that the funds be used to move families off of the waitlist. There is no longer a need for this TWC program as TEA will be hiring 4 intermediaries who will determine if there is ample Pre-K services in the private sector and whether a partnership is necessary before public schools expand their Pre-K programs. Also TWC should stop funding the third party entities that are implementing Pre-K partnerships with providers that are not in their immediate service area.

Attachment

[Quad Agency Review of Pre-K Partnership Data Collection 3-24-26.pdf](#) (64.94 KB)



My Comments Will Be Made Public

Yes