

Senator Jane Nelson  
Chair, Texas Sunset Commission  
P.O. Box 13066  
Austin, Texas 78711



December 10, 2014

**Re: Written Testimony for Texas Workforce Commission**

Dear Senator Nelson:

The Texas Licensed Child Care Association (TLCCA) is the oldest state organization of licensed child care centers. There are more than 9,000 licensed child care centers in our state. We appreciate the opportunity to provide useful input during the Texas Workforce Commission (TWC) Sunset review.

TWC's administration of federal child care funds, their interaction with the 28 local workforce boards, and the management of the *Texas Rising Star* program represent a fraction of the agency's total scope of work, but are critical to the delivery of subsidized child care to eligible Texas families. During the staff review TLCCA identified both structural and programmatic issues regarding the state's child care subsidy system that need reform.

While the staff report does not address all of the concerns we identified, we do support each of the recommendations contained in Issue 3 of the December 2014 report (3.1 – 3.7) and we encourage the Commission to adopt them. Several issues not directly addressed by the staff review are listed below:

1. **Lack of a State Quality Rating and Improvement System** – Texas strives to improve the quality of child care through various initiatives and programs funded by the Texas Education Agency (TEA), the Department of Family and Protective Services (DFPS), and TWC. Child care policy in our state is fragmented, and there is no integrated measurement of quality. Instead a patchwork of state indicators or evaluations exists across numerous agencies. Texas should develop of a unified Quality Rating Improvement System (QRIS) that is utilized by each state agency charged with implementing or regulating quality programs across the spectrum of public, private, and faith based child care providers.
2. **Need for Subsidy Rate Reform** – TWC should take steps to better equalize subsidy rates in the 28 workforce regions. In some parts of the state the reimbursement rates are too low to deliver high quality child care. The federal government provides funds to the TWC through its Child Care and Development Fund (CCDF) program – but these dollars don't boost quality or smooth out the significant gaps in funding across the state. The subsidy formula is too dependent on local rate setting. Texas should consider a three tier rate system; with a statewide base rate for all workforce regions, a uniform quality rate tier (described below), and a local adjustment tier based on market conditions.

3. **Scalability of Texas Rising Star** – House Bill 376, passed and signed into law during the 83rd Legislature, could serve as a foundation to build a uniform quality rate tier that incentivizes quality improvements in subsidy child care programs. But this element of our state program is funded entirely with federal dollars – so any effort to reward quality comes at the expense of the total number of subsidy children served. It's past time for Texas to invest in quality subsidy child care, having failed to fund any state rate increase in nearly two decades. We can not scale up the Texas Rising Star program without new state funding.
  
4. **Better Coordination between TWC, other State Agencies, and Local Workforce Boards** – Some workforce regions allow child care centers to collect the difference between subsidy payments and market rates for certain eligible families, while others prohibit this practice. The lack of coordination between TWC, DFPS, and the TEA makes it hard to make significant progress in providing high quality child care in Texas. We need to look holistically at child care policy and better utilize cross functional agency teams to provide early care and education to the youngest learners in our state.

The sunset of TWC provides the Commission, and stakeholders a historic opportunity to consider significant structural reforms in the delivery of federal child care funds and in the implementation of the CCDF State Plan. TLCCA appreciates the opportunity to provide input during the Sunset Commission process and to champion any identified reforms in subsequent legislation during the 84<sup>th</sup> Legislature.

Respectfully Submitted,



Tere Holmes  
Chair, Legislative Committee