

CHILD CARE GOVERNANCE • TWC SUNSET REVIEW

One System, Two Paths to Reform — A Rare Chance to Act Together

THE ASKS

1 Make the unified data model and cross-agency identifier statutory, with a deadline.

Rec 4.9

2 Consolidate board oversight in a single accountable entity and report on outcomes.

Rec 1.1 • 1.4 • 5.5

3 Leave the “who leads child care” question to the Task Force.

THE DETAIL BEHIND THE SUMMARY

Sunset can act on TWC's systems now; the “who leads child care” question belongs with the Task Force.

Why the timing matters. With TWC, HHSC, and DFPS under Sunset review in 2027, TEA in 2029, and the Governor's Task Force examining all four together, Texas has a rare opportunity to pursue operational improvements while simultaneously considering long-term governance of child care.

1 A data foundation that connects

The agency cannot fully evaluate whether it works as an integrated system to serve Texans across programs (p. 72). The state cannot manage what it cannot measure — and three gaps show the cost:

Quality investment, unmeasured

Texas Rising Star ties provider reimbursement to quality ratings (p. 12), but the state cannot determine whether higher-rated child care providers improve kindergarten readiness because those data remain unlinked. Although the Legislature directed an integrated early childhood data system in 2025 (HB 3963, 89R), it is not yet in place.

A waitlist the state can't size

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 subsidy waitlist that should guide funding decisions (p. 64).

One parent, unrelated records

Because TWC cannot track a person across its programs, a parent receiving both a child care subsidy and workforce services can appear as two unconnected records (p. 72).

THE ASK — PUT IT ON A FIRM FOOTING

Make the unified data model and unique identifier a statutory requirement with a firm deadline and a report to the Legislature, and specify that the identifier be designed to reconcile records across agencies, not only within TWC. An identifier confined to TWC solves only half the problem. (Rec 4.9)

2 Local workforce boards held to account

Oversight of the 28 local workforce development boards is fragmented, and the entity empowered to act rarely does — “the council does not exercise this power” (p. 20).

Adverse actions stall

From 2015 to 2025, 76% of adverse actions never progressed beyond a technical assistance plan, regardless of severity (p. 21).

28 boards, 28 standards

Reliance on the boards has left Texas with 28 different standards for investigating child care fraud (p. 80).

THE ASK — CONSOLIDATE AND MEASURE ON OUTCOMES

Consolidate oversight in a single accountable entity (Rec 1.1); report board performance on standardized, comparable outcomes — not the binary scorecard the report rightly critiques (Rec 1.4; cf. p. 29); have TWC staff supervise fraud investigations and track fraud data systematically (Rec 5.5, 5.6); give TWC visibility into partner-agency federal child care spending (Rec 6.1); and make survey improvements permanent — a modernized methodology and a standing pre-session preliminary market-rate report, since year-old data has already produced costly surprises for appropriators (Rec 6.3, 6.4; pp. 95–96).

What Sunset can fix now, and what belongs with the Task Force

The TWC Sunset review and the Governor's Task Force on Early Childhood Education and Care are underway at the same time. Each has a distinct job, and together they can fix what no single agency review can reach. Texas child care runs across four agencies, each with its own mandate and scorecard — and no one accountable for whether the whole system works for families.

DON'T FORECLOSE STRUCTURAL GOVERNANCE OPTIONS

Operational improvements matter, but the question of who is accountable for the entire child care system belongs to the Task Force and Legislature.

The staff report concludes that consolidating or transferring TWC's child care functions would be “more disruptive than beneficial” (p. 92), but that determination extends beyond the scope of a within-agency operational review. The report itself documents structural accountability gaps: TWC, the lead agency for federal child care funds, was for years unaware how a partner agency had spent them (pp. 92–93), and it lacks a unified view across its own child care programs (p. 72). These findings are not simply operational shortcomings; they reflect a system administered across multiple agencies with no single point of accountability. The issues identified with Local Workforce Development Boards are a microcosm of these broader governance challenges. Sunset should preserve the Task Force's and Legislature's ability to evaluate long-term governance options by avoiding language that appears to foreclose consolidation or the transfer of functions (p. 92).

4

AGENCIES, ONE SYSTEM

76%

ADVERSE ACTIONS STALLED · 2015–2025

28

STANDARDS FOR CHILD CARE FRAUD

THE SYSTEM: FOUR AGENCIES, FOUR SCORECARDS, NO OWNER OF THE WHOLE

TWC

Pays for care (subsidy)
2027 · 90th Leg.

HHSC

Licenses & inspects
2027 · 90th Leg.

DFPS

Investigates harm
2027 · 90th Leg.

TEA

Early learning & readiness
2029 · 91st Leg.

SUNSET · ACT WITHIN THIS REVIEW

Fix TWC's machinery — now

Data that connects

A unified data model and a unique ID that reconciles records across programs — and, ultimately, agencies.

Rec 4.9

Boards held to account

One accountable overseer of local workforce boards; performance reported on outcomes, not checkboxes.

Rec 1.1 · 1.4 · 5.5

Needed no matter which agency ultimately leads.

GOVERNOR'S TASK FORCE · STRUCTURAL

Decide who owns the whole

Which entity should lead? Should child care functions consolidate or transfer? The Task Force sets a single point of accountability for whether the system works for families — the question a within-agency review isn't built to answer.

Sunset should keep this door open — not close it.

“A strong report. The staff's diagnosis of fragmented board oversight, weak fraud detection, and fragile data systems is exactly the scrutiny these programs need.”

Sunset does the operational repair and commends its child care findings to the Task Force and the Legislature, where the structural question belongs.

Sources & notes. Page citations refer to the Texas Workforce Commission Sunset Staff Report (Texas Sunset Advisory Commission, June 2026); “Rec” numbers refer to that report's recommendations. Integrated early childhood data system: HB 3963 (89R, 2025). Review schedule: Texas Sunset Advisory Commission. Agency slices and missions: agency strategic plans. Texas 2036 is a nonpartisan, nonprofit public policy organization; this document is informational and does not urge a specific legislative outcome.

Charles Miller

Director of Health & Economic Mobility Policy

charles.miller@texas2036.org