House Appropriations Subcommittee
Article VII
Texas Workforce Commission

February 24, 2025

Thank you for the opportunity to speak today and for this committee's continued recognition of the connections between young children, their working parents, and the Texas workforce and economy. Children at Risk advocates for Texas to invest additional dollars in state General Revenue funds in early childhood education. We respectfully request that you prioritize low-income working families and their increasingly desperate need for affordable quality childcare in their communities.

During the legislative interim the Texas House of Representatives prioritized child care and did a deep dive into the subject. There is a reason for the concern. Texas has 365 child care deserts across the state. When we look at data for low-income working families, Texas has 859 child care deserts. We face a severe shortage of qualified child care educators, in large part because wages in this field remain unlivable. Too many working parents are caught in an impossible situation: they need child care to work, but they cannot afford the cost of care. Employers cannot find the workers they need.

While there are some solutions that can be done that are cost-neutral, unfortunately, they will only get us so far in addressing this crisis. The reality is stark: **as of December 2024, there are nearly 95,000 children on the Texas Workforce Commission's (TWC) waitlist for child care scholarships.** Today, we serve only **14% of children who qualify** for these scholarships. In a state with **2.3 million children under the age of six**, our challenge is significant—but that does not mean we should shy away from it. It means we must act boldly.

Texas is a state known for its size, strength, and ambition. The opportunity is as big as the challenge. Texas families deserve to choose child care that fits their needs. Yet to do this more options have to be available to families.

- Increase Workforce Productivity by adding Funding to Cut the Waitlist for Child Care **Cost:** According to TWC, the State of Texas will spend $8900 per year per child for child care in Fiscal Year 2026 and $9,200 per year per child in Fiscal Year 2027. **A $181 million**

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investment in wait list reduction will serve an additional 10,000 of the 95,000 children languishing on the statewide child care wait list.

- Reduce Child Care Deserts and Increase Local Workforce Board Flexibility to Support Employers by reducing reimbursement rate disparities
  Cost: Texas must create a **biennial competitive grant fund of $219 million** to address child care reimbursement rate disparities and to reduce child care deserts. The Texas Workforce Commission shall make funds available to Local Workforce Development Boards on a competitive basis to assist those Boards who choose to eliminate child care deserts with the flexibility to increase rates. Boards offering local matching funds will be prioritized for financial assistance from the state.

- Create a Child Care Innovation Grant Program to Incentivize More Child Care
  Cost: Texas must create a **4-year pilot program as a competitive grant fund of $100 million** to spur child care creativity across Texas. Up to ten Local Workforce Development Boards will participate in the competitive grant process. Local projects will be selected by TWC using transparent criteria, including innovation, number of children served, employer participation, and the provision of local matching dollars.

Texas must invest to provide more scholarships and invest in child care programs. These are not competing ideas, but instead are our best hope of providing the care that children, parents, and employers all need.

Thank you for your consideration.

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