GOVERNOR'S TASK FORCE · H.B. 117, 89TH LEGISLATURE

Early Childhood Education & Care

AUGUST 2026

July Recap – Funding and Affordability

FUNDING AND AFFORDABILITY

ANCHOR STATEMENT: *Texas' ECEC system delivers responsible stewardship of public dollars and supports a healthy supply to meet the needs of Texas families.*

Our July meeting focused on ***early childhood education and care funding and affordability*** *within the current Texas context and considerations for improvement aligned to state needs and national best practices. Following the meeting:*

1

Working Session

Task Force Members convened to review draft takeaways and emerging recommendations and evaluate programs for consolidation against the statutory charge of HB 117.

2

Follow-Up Survey

Members shared additional feedback in a brief follow-up survey.

3

Emerging Recommendations

We updated the draft takeaways and emerging recommendations and will continue to refine these over the coming months ahead of drafting the final recommendations

MEMBER FEEDBACK SUMMARY

Feedback showed strong agreement with the draft statements as written — with the clearest consensus around unified governance as the necessary first step, alongside substantive questions about scope and sequencing.

AREAS OF GREATEST AGREEMENT

- A single, empowered ECEC entity with unified governance is the top priority — and must be addressed in order to improve access and affordability
- Near-unanimous ratings to consolidate the core programs — CCDF, Public Pre-K, Child Care Regulations, and Head Start Collaboration — with a strong majority placing Texas Rising Star in that first tier as well
- Texas should learn from states that consolidated and redirected funding toward a state vision
- Texas should explore options to make fuller use of funding flexibility that already exists

QUESTIONS

- What is the full cost of ECEC in Texas — direct and indirect — and is the ~$4B figure an undercount?
- How can consolidation account for rural realities, not just urban systems?
- Alongside the access gap, who is currently being served — the fuller picture of reach?

CONSIDERATIONS TO KEEP IN MIND

- Consolidation must be paired with a thoughtful transition plan that preserves staff expertise and continuity
- "Mixed-delivery" should be described precisely — Texas has parallel systems, but families rarely experience true mixed-delivery partnerships
- Rural and urban communities need different supports; large-city systems shouldn't set the default

DRAFT TAKEAWAYS & CONSIDERATIONS

From the Task Force's conversations on ECEC funding and affordability — updated to reflect member feedback

Multiple Funding Streams

Texas' ECEC funding flows through multiple major federal and state streams, layered with additional grants and supports to create a mixed-delivery system.

No Unified Visibility or Accountability

At least $4B flows annually through streams that each carry their own rules, agency, goals, and timeline, with no single leader accountable for how the investments fit together. The true figure — direct and indirect — is likely higher.

The Access Gap

Publicly funded programs reach only a fraction of eligible families — roughly 17% of eligible children under five — and more than 90,000 children sit on the child care subsidy waiting list.

The ALICE Gap

Affordability pressure extends into the middle of the income distribution: ALICE families struggle on the cusp of publicly funded programs, while providers operate on razor-thin margins with high staff turnover.

Unused Flexibility & Lessons from Other States

Existing streams hold more flexibility than Texas uses. Louisiana, Colorado, Arkansas, New Mexico, and Georgia show change follows a shift from "how to spend available money" to "how to fund the state's vision" — accounting for rural as well as urban needs.

A Robust System Takes Many Contributors

A robust ECEC system will take innovation and contributions from state and federal government, local governments, employers, and philanthropy — with Texas models to build on.

EMERGING RECOMMENDATIONS

As the Task Force works toward recommendations on ECEC funding and affordability, members are coalescing on the following emerging recommendations.

SINGLE POINT OF ACCOUNTABILITY

Establish a single ECEC entity led by an empowered leader accountable for outcomes across programs, with visibility into the drivers of the cost of care.

CONSOLIDATE OVERLAPPING PROGRAMS

Bring key programs that serve the same children and families under that entity's governance, so dollars can be aligned, maximized, and leveraged toward state goals — paired with a transition plan that preserves existing infrastructure and staff expertise.

FULL FISCAL REVIEW

Conduct a fiscal efficiency and effectiveness review of funding streams, contracts, and awards — scoped to capture the full direct and indirect cost of ECEC in Texas — to determine strategic spending practices for meeting state goals.

ONE RULEBOOK, ONE REFEREE

Where possible, align eligibility, applications, and reporting across funding streams so complexity moves off families and providers and is absorbed by the state — enabling a truer mixed-delivery system and greater family choice.

LEVERAGE EVERY DOLLAR

Consider principles and mechanisms (cost-sharing, matches, technical assistance, state guidance) that scale impact by capturing every available dollar across employers, philanthropy, and local, state, and federal sources — preserving local flexibility for each community, rural and urban alike.

TARGET THE GREATEST GAPS

Use all available fiscal levers (reimbursement rates, targeted initiatives) to strategically support the populations with the greatest gaps in supply and affordable access.

These are not final recommendations, but instead are to help us understand alignment and evaluate next steps.

Statewide Governance – Emerging Consensus

Through the Task Force's conversations, alignment on statewide governance is beginning to surface, with continued work ahead to define it more fully.

WHY THIS DECISION MATTERS

The Problem the Governance Choice Must Solve

Texas' early childhood education and care is fragmented across state agencies and local coordinating entities — functions, funding streams, data systems, and regulatory frameworks are not coordinated or aligned. There is no unified vision, no unified standards, no aligned statewide goals or metrics, and no coordinated strategy for ensuring children arrive at kindergarten ready to learn.

WHAT FRAGMENTATION COSTS TEXAS

Families

Navigate 5+ programs with different interfaces eligibility rules, with no single source for quality information or enrollment support.

Providers

Comply with overlapping regulatory frameworks and report to multiple agencies with conflicting requirements.

Children

Face inconsistent quality across program types and funding streams, with no statewide accountability for school readiness.

THE TEST

What We Need the Governing Entity to Do

Five criteria that any governance option must be measured against.

01 Unified, Accountable Leadership

A single cabinet-level leader accountable for the whole ECEC system — holding the budget authority to command what the system needs and answer for its results.

02 Aligned to HB 117's Desired Outcomes

The entity's charge lines up with the Task Force goal: improved operational efficiency, increased affordable child care capacity, and improved kindergarten readiness.

03 Aligned to HB 117's Efficiency Goal

Builds on infrastructure Texas already has — including the Early Childhood Integrated Data System (ECIDS) — and avoids substantial new cost and bureaucracy.

04 Aligned to the Large-Scale Redesign Charge

Provides an adequate response to HB 117's charge to consider a redesign that improves efficiency, service delivery, quality of care, and use of funding.

05 Feasibility

Is something policymakers and key stakeholders can realistically support.

Why Consolidate ECEC

Consolidating functions has emerged as the strongest point of agreement across Task Force meetings, surveys, working groups, and discussions — members unanimously agree unification is essential to meet the charge of HB 117.

FRAGMENTATION TODAY		WHAT CONSOLIDATION FIXES
Accountability Outcomes span five agencies — no one is answerable for the system as a whole.	→	**A single point of responsibility to the Legislature and Governor to execute a statewide vision.**
Family experience Separate applications, eligibility rules, and cliffs across one de facto system.	→	**One front door; fewer coverage gaps, lower parental burden, expanded family choice.**
Funding coherence CCDF, TANF, Head Start, Pre-K, and CACFP each sit in a different agency.	→	**Coordinated braiding, less duplicative admin, legible total spend, maximized public investment to increase access to affordable care.**
Data Incompatible data systems can't produce a shared view of cost, supply, or outcomes.	→	**One data infrastructure across programs — funding tied to outcomes ensures program integrity and maximizes operational efficiency.**
Quality Separate, inconsistent quality frameworks and measurement across agencies.	→	**One quality framework and measurement system, applied system-wide to improve kinder readiness**

03

Current State – Local Coordination

How ECEC Reaches Communities Today

ECEC programs in Texas are administered across multiple state agencies, each of which utilizes a different type of local entity to deliver services. Because these entities were established under separate authorities and for separate purposes, they carry different charges and focus areas, operate with different levels and types of resources, and cover jurisdictions that vary widely in size and do not always align with one another.

THE LOCAL FOOTPRINT, BY THE NUMBERS

~1,200

LEAs (districts & charters), the delivery layer for public Pre-K

20

Education Service Centers

28

Local Workforce Development Boards

34

Child Care Regulation offices, 11 regions

39

ECI grantees under HHSC contract

111

HS/EHS grantees across 978 sites

Sources: TEA, ESC Services; TWC, Workforce Development Board Directory (July 16, 2026); HHSC, HHS Locations and Director Contact Information – Child Care Regulation; HHSC, Early Childhood Intervention Programs; TXHSCO.

State-to-Local Administration: Programs & Funding Flow

ECEC programs move from a different state administrator to a different local delivery partner.

	TEA	TWC	HHSC	Federal (OHS)
Program(s)	State Pre-K (Foundation School Program); Early Childhood Special Education (IDEA Part B, §619)	Child Care Services (CCDF); Texas Rising Star	Child Care Regulation; Early Childhood Intervention (IDEA Part C)	Head Start / Early Head Start
Purpose	Administration of school district–operated Pre-K and special education	Child care scholarships for low-income, working families; related supports; quality rating and improvement funding (TRS)	Child care licensing; early intervention services for children birth to age 3	Comprehensive early childhood program for low-income families
Funding flow	TEA → Local Education Agencies (school districts)	TWC → Local Workforce Development Boards and contractors. TWC transfers a portion of CCDF to HHSC to administer licensing.	HHSC funds licensing inspectors directly; HHSC → local ECI contractors	Federal → local grantees directly

Sources: TEA; TWC, Child Care by the Numbers; HHSC, Regulatory Authority; HHSC, Early Childhood Intervention Programs; OHS, Head Start Policy and Regulations.

State-to-Local Administration: Structure & Governance

The local entities differ in form, governance, and staffing — from elected school boards to state-employed inspectors to federal grantees.

	TEA	TWC	HHSC	Federal (OHS)
Local structure	~1,200 LEAs (school districts); 20 Education Service Centers	28 Local Workforce Development Boards	34 CCR offices across 11 HHSC regions; 39 current ECI grantees	111 local HS/EHS grantees across 978 program sites
Governance	Districts: locally elected boards of trustees. ESCs: seven-member boards elected by district trustees in the region.	Members appointed by local chief elected officials with TWC approval; sector-balance rules (majority local business). TWC accountable for oversight.	CCR is a direct state function; inspectors are HHSC employees, with no local governance layer by design. ECI: each contractor governed by its own board.	Each grantee has a governing body plus a policy council with proportional representation of enrolled families. Programmatic oversight is federal, with no state governance role.
Delivery & staffing	Districts operate Pre-K directly or via Pre-K Partnerships; ESC support is voluntary, largely fee-for-service.	Boards set local policy and hold the CCDF allocation; daily operations generally run by contracted providers. CLI (UTHealth Houston) is the statewide TRS assessment entity.	State inspectors conduct inspections and enforcement directly. ECI contractors hire and deploy staff; HHSC administers contracts and sets standards.	Each grantee separately staffed under federal oversight. TXHSCO serves as the state-level liaison office.

Sources: TWC, About the Boards; Texas Sunset Advisory Commission review of TWC (2026); TWC, Getting Certified; HHSC, HHS Locations; HHSC, Early Childhood Intervention Programs; OHS, Organizational Leadership: What Is the Policy Council?; TXHSCO.

How the Jurisdictions Were Drawn

Each program's service areas were defined under a different authority, at a different time, for a different purpose.

TEA — ESCs & districts

ESC regions date to 1967, when the State Board of Education divided the state into 20 regions; the TEA Commissioner holds authority over their number and boundaries. School district boundaries are set independently and do not align to ESC regions, city limits, or county lines.

TWC — workforce areas

SB 642 (1993) and HB 1863 (1995) built the current system. Statute allows a workforce area to follow any of four references (labor market area, MSA, substate planning area, or state service region) — so Dallas and Fort Worth have separate Boards within one metro while Gulf Coast spans 13 counties. Statute allows redesignation of workforce areas as often as every two years.

HHSC — CCR & ECI

The 11 administrative regions are county-defined, inherited from public health programming, and administrative rather than statutory. Licensing moved from DFPS to HHSC in 2017 under SB 200 (2015) and HB 5 (2017). ECI service areas are set in HHSC contracts rather than fixed in statute, and have changed over time.

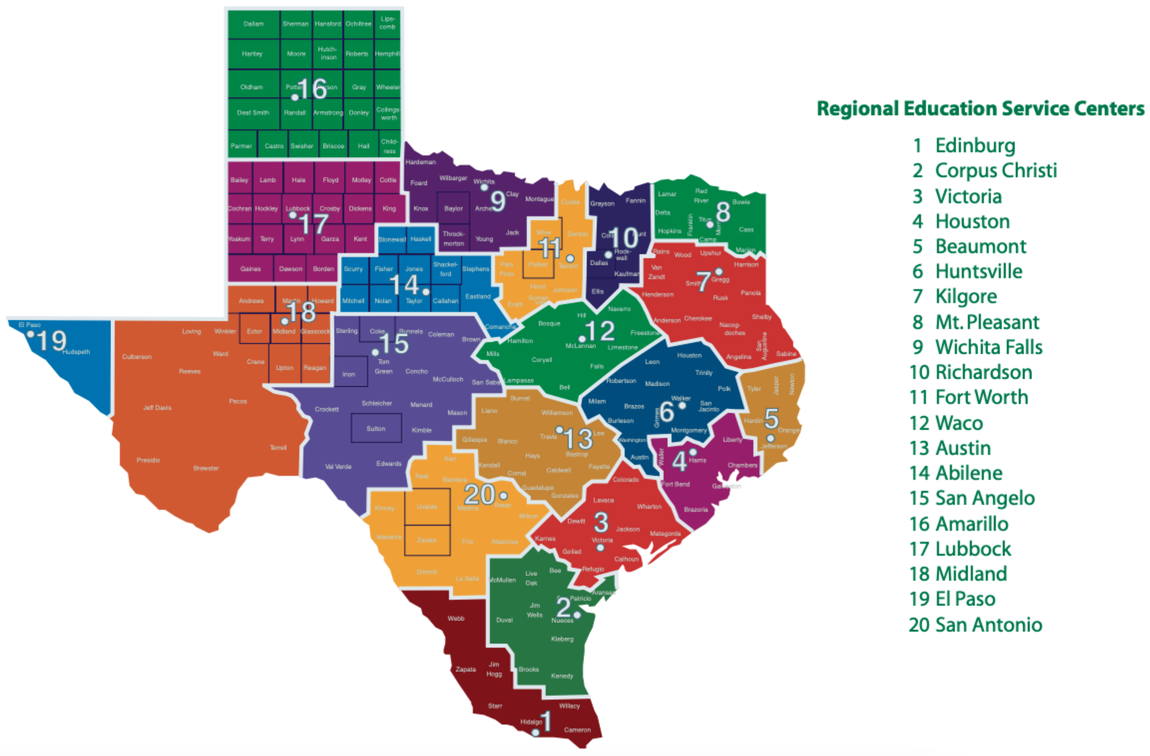
Head Start — federal awards

Service areas are defined federally, grantee by grantee, through the federal award rather than any statewide map — coverage reflects the history of federal grant competitions. Grantees define areas at county or sub-county level, with changes requiring ACF approval.

Sources: TEA, ESC Services; UT Center for the Study of Human Resources, Implementing Senate Bill 642 (1994); The Urban Institute, Recent Changes in Texas Welfare and Work, Child Care and Child Welfare Systems (2001); TWC, Workforce Development Board Directory (July 16, 2026); HHSC DSHS, Texas County Numbers and Public Health Regions; SB 200 (84R); HHSC, Early Childhood Intervention Programs; OHS, Head Start Policy and Regulations §1302.11.

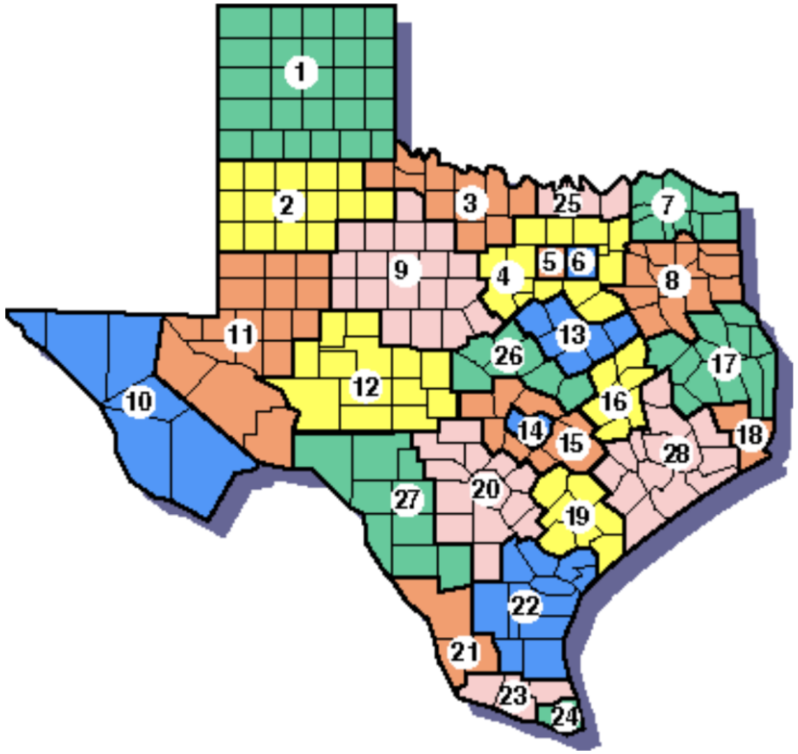
Service Maps: TEA & TWC

TEA — 20 Education Service Center regions



District boundaries are set independently of ESC regions and do not follow city limits or county lines.

TWC — 28 Local Workforce Development Board areas



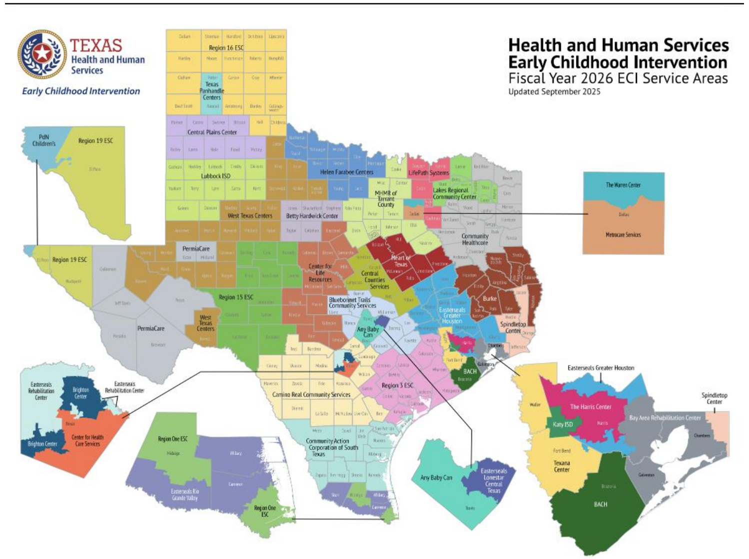
Board areas vary widely in size: Gulf Coast holds 23% of the statewide contracted target for average children served per day via child care scholarships, while half of the 27 other Boards each hold 1–2%.

Sources: TMEP (ESC map); TWC, Child Care by the Numbers — board list and BCY 2026 targets, WD Letter 05-25, Change 2, Attachment 1 (LWDB map and figures).

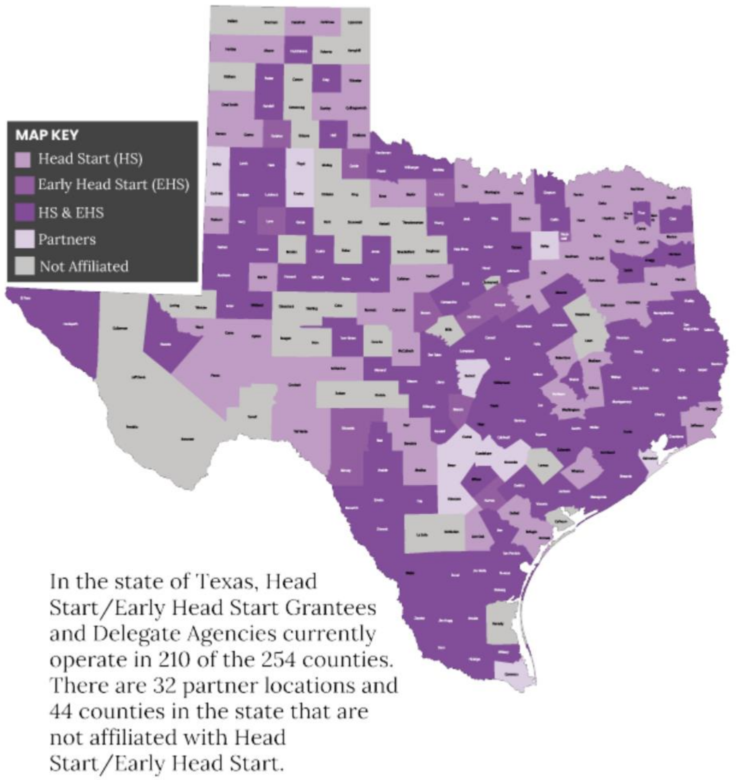
Service Maps: HHSC, ECI & Head Start

HHSC — 11 administrative regions (CCR)

HHSC — 39 ECI grantee service areas



Head Start — grantees in 210 of 254 counties



Each map reflects a different authority and purpose, and the service areas do not correspond to one another. A single HHSC region (Region 3), covering Child Care Regulation for 19 North Texas counties, contains four Local Workforce Development Boards (4, 5, 6, 25), three Education Service Center regions (10, 11, 12), and five ECI grantees — in addition to the area's Head Start grantees and school districts.

Sources: TXVOAD (HHSC regions map); HHSC, Early Childhood Intervention Services — FY 2026 ECI Service Areas (ECI map); TXHSCO (Head Start map); OHS, Head Start Policy and Regulations §1302.11.

CURRENT STATE · LOCAL COORDINATION

What This Structure Looks Like on the Ground

Families, providers, and employers experience the ECEC system locally — through this patchwork of delivery structures. Local leaders coordinating across the system, and families and providers trying to navigate it, often work with each entity individually.

Providers

Manage separate applications, monitoring visits, and reporting requirements for each funding source they hold — answering to multiple sets of rules and different local entities.

Families

Are often unsure what their child is eligible for or where to start: child care, public Pre-K, and Head Start each run their own application, eligibility rules, and timelines, with no single local entity spanning all three programs to help families weigh options or find open seats.

Employers

Want to support their workforce with ECEC needs but lack a clear local partner to work with to understand supply.

Communities

With several local entities each responsible for one funding stream or program component, communities are not positioned to align resources across programs, identify where access gaps concentrate, or set priorities in response to local needs.