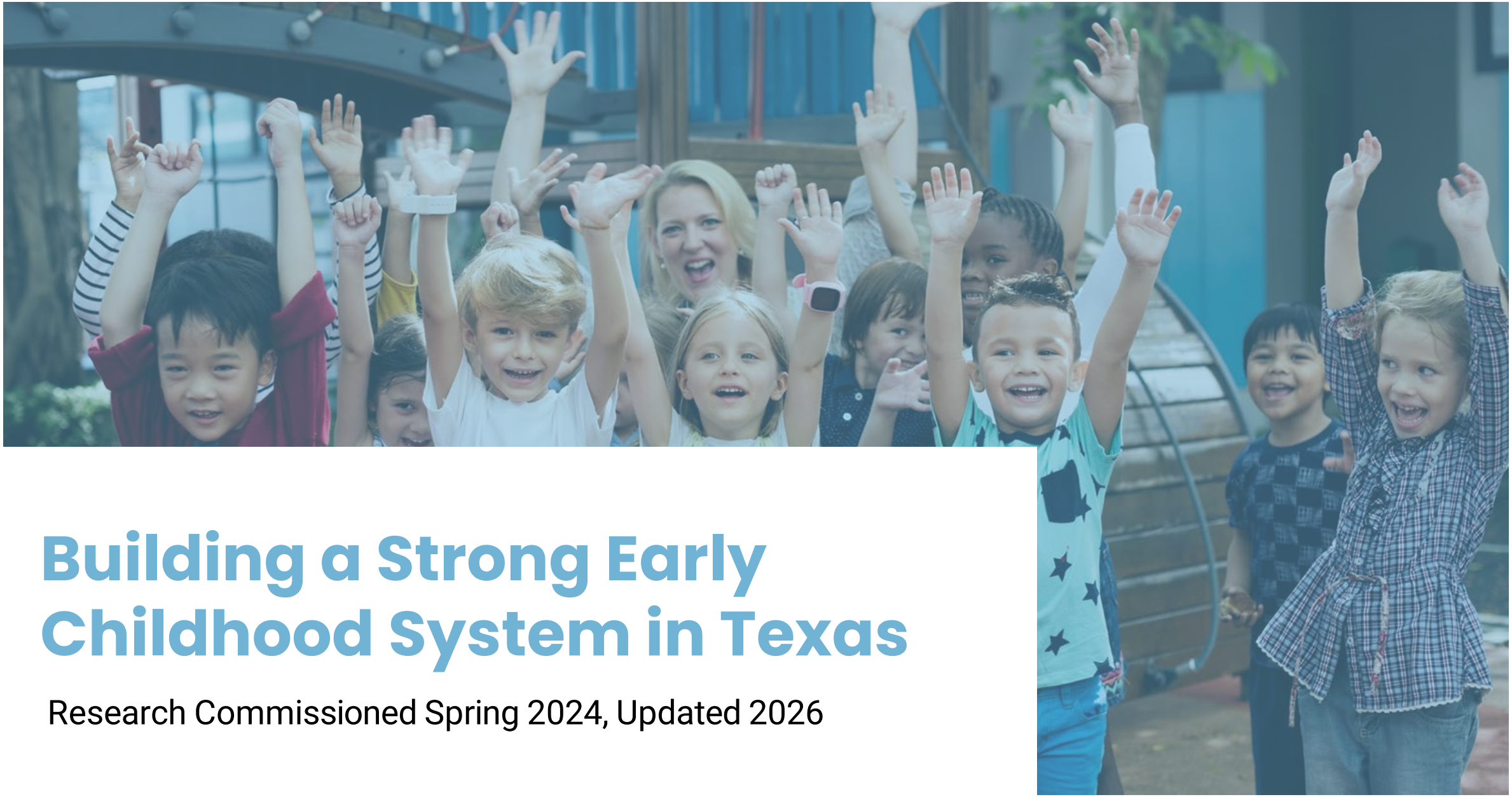

# Building a Strong Early Childhood System in Texas

Research Commissioned Spring 2024, Updated 2026

# Building a Strong Early Childhood System in Texas

In spring of 2024, Philanthropy Advocates engaged Watershed Advisors to develop a landscape analysis of Texas's early childhood system, identifying key system-level challenges that contribute to barriers in quality early childhood care and education for working families with young children.

This report lays out that landscape analysis (updated 2026) and recommendations to strengthen the state's early childhood system to better support working families, ensure children are prepared for success in school, and improve state and local economies.

Philanthropy ADVOCATES

WATERSHED ADVISORS

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# Executive Summary

Texas's current early childhood system is fragmented, inefficient, overly complicated, and leads to:

- **Struggling families:** families struggle to find and afford early childhood education and care (ECEC) programs
- **Unsupported employers:** employers struggle to recruit and retain employees because of ECEC issues
- **Broken child care market:** ECEC providers are not supported to meet the needs of families
- **Ineffective data:** leaders do not yet have the data to answer basic questions about the system or make data-driven decisions
- **Inconsistent quality:** there is no consistent expectation for quality across program types, preventing systemwide improvement

Texas should take steps to **create coherence and efficiency in its state and regional early childhood systems** to **maximize its investment for children, families, and the economy.**

Despite **spending billions of (primarily) federal and state dollars** on early childhood each year, **Texas's early childhood system fails children, families, and employers.**

**Economic challenge:** Texas loses more than $9 billion annually from its economy due to breakdowns in child care.[1]

**School readiness challenge:** Texas ranked 37th in the nation on 4th grade reading, as measured by the 2024 NAEP results.[2]

**Good government challenge:** Texas ranked 44th in the nation for the integration and efficiency of its state early childhood system.[3]

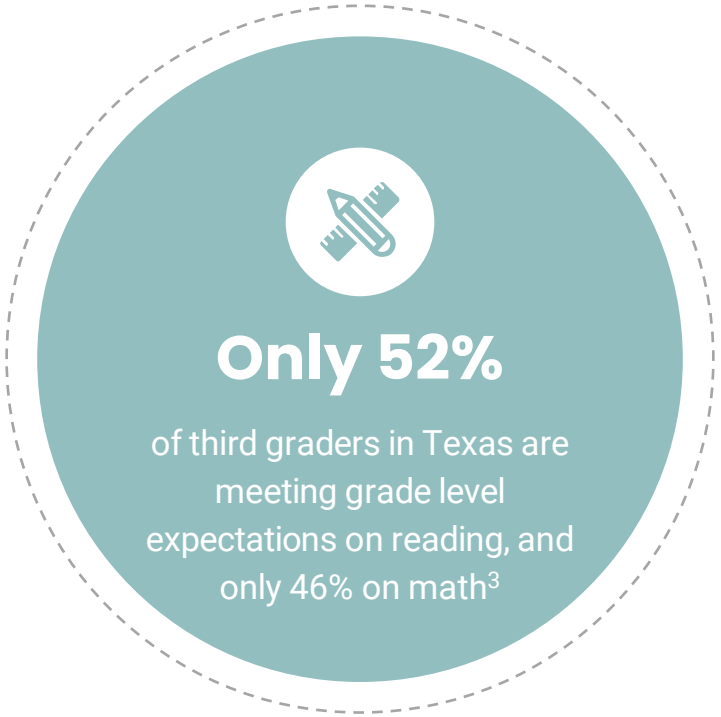
Sources: 1. US Chamber Foundation, "Untapped Potential Report: Texas" (2023); 2. 2024 NAEP Results 3. Bipartisan Policy Center, "Integrated Efficient Early Care and Education Systems" (2023)

# The Challenge

# Early childhood education and care is critical for Texas

There are approximately over 2.3 million Texans age five and under. **Texas controls a few billions of dollars in federal and state taxpayer dollars each year** in support of these youngest Texans.[1] Yet, Texas's current early childhood system is failing to deliver results for children, working families, and the economy.

**Texas's fragmented and inefficient early childhood system leads to:**



Sources: 1. First Five Years Fund (2025); 2. US Chamber Foundation, "Untapped Potential Report: Texas" (2023); 3. 2024-25 STAAR Performance; 4. Bipartisan Policy Center, "Integrated Efficient Early Care and Education Systems" (2023)

**This is an economic problem.**
Texas loses more than $9 billion annually from its economy due to breakdowns in child care.

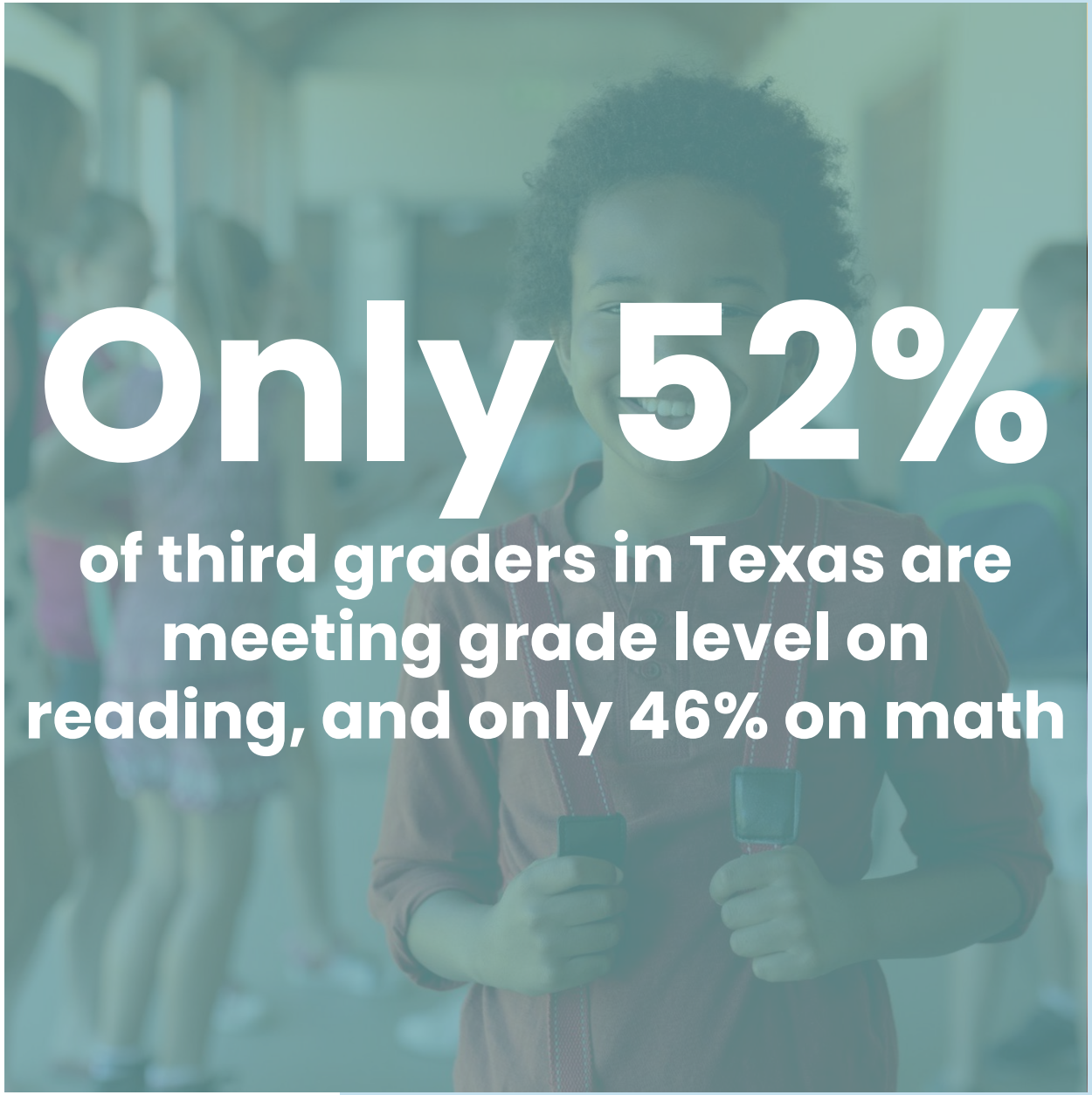
- An estimated $1.8 billion is lost annually in tax revenue due to child care issues
- Approximately 7 percent of parents voluntarily left a job due to child care issues
- Thirty percent of respondents reported that they or someone in their household has left a job, not taken a job, or greatly changed jobs because of problems with child care in the last 12 months
- Fifty-five percent of parents who voluntarily leave their jobs do so when their child(ren) is two years old or younger, indicating that child care for infants and toddlers is the greatest need

Source: US Chamber Foundation, "Untapped Potential Report: Texas" (2023)

**This is a school readiness problem.** Only about half of third graders in Texas are meeting grade level expectations on reading and math.

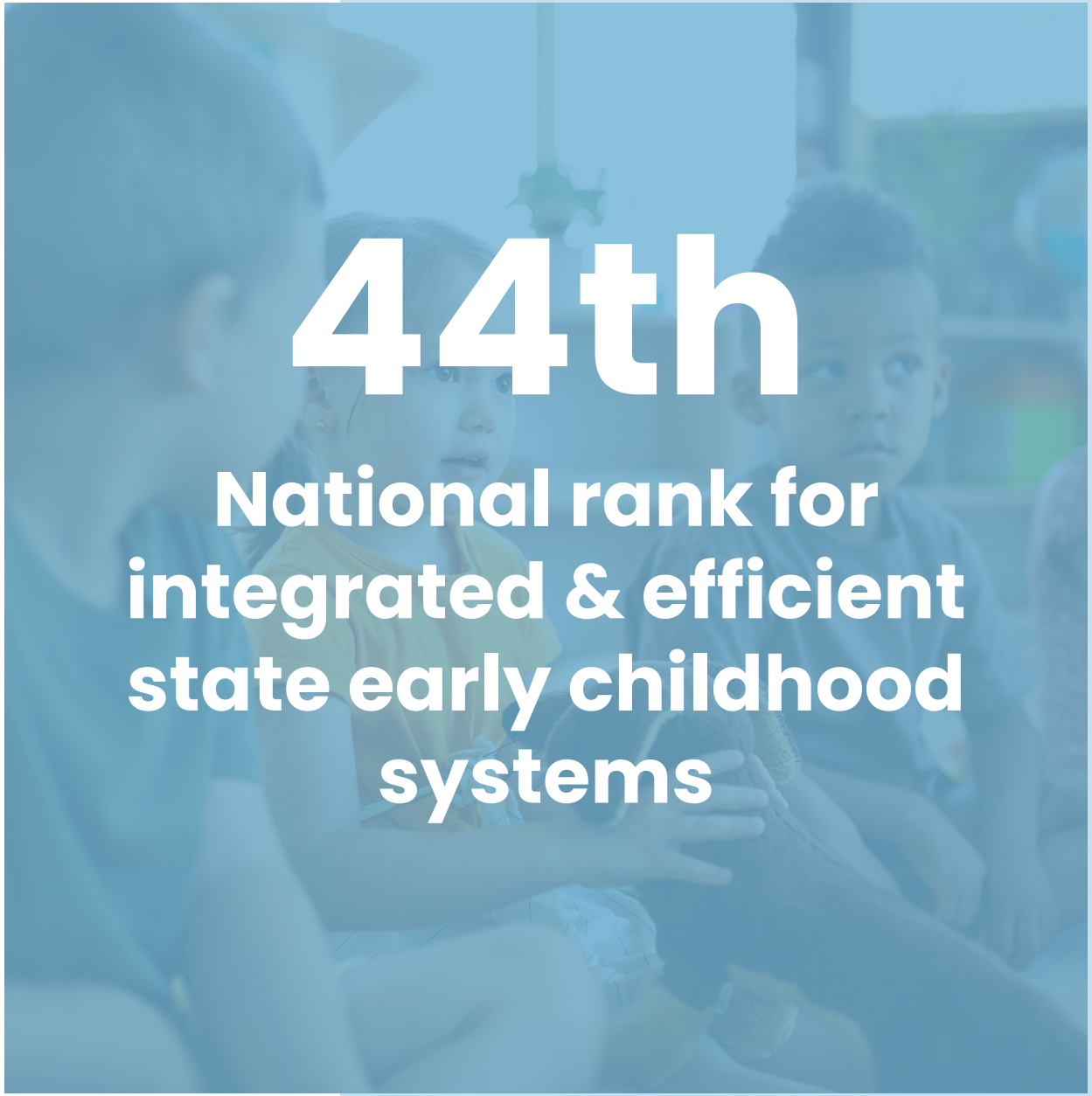
- The 2024-25 STAAR (State of Texas Assessments of Academic Readiness) performance data shows that only 52% of students are “at meets grade level” on third grade reading, and only 46% on third grade math.[1]
- Focusing efforts to improve literacy after kindergarten entry is too late – 90% of brain development happens before a child turns five years old and as of 2024-25 only 1 in 2 (51%) of students in Texas are considered Kindergarten Ready.[2]
- Research shows that access to high-quality early childhood education is correlated with academic achievement and success later in life[3]

Sources: 1. 2024-25 STAAR Performance; 2. 2024-25 Kindergarten Readiness 3. Yoshikawa et al 2013



**This is a good government problem.** Texas ranked 44th in the nation for the integration and efficiency of its state early childhood system.

- In 2023, Bipartisan Policy Center (BPC) found that Texas was among the 10 states with the **least** coordinated, integrated, and efficient state early childhood systems[1]
- Each year, Texas controls upwards of ~$4 billion of state and federal funding (as of 2025) for early childhood education and care,[2] and yet lacks the efficiency to ensure every dollar is marshalled toward a streamlined and high-quality system
- Local communities, providers, and families are required to navigate an overly-complex system, with sometimes contradictory state requirements, all of which results in resource inefficiencies




Sources: 1: Bipartisan Policy Center, "Integrated Efficient Early Care and Education Systems" (2023); 2: First Five Years Fund (2025)

While billions of dollars are spent on early childhood education each year, the system does not equip anyone with the authority or hold anyone accountable for improving the whole system to address these challenges facing children, parents, and employers in Texas.

This is a result of system fragmentation.

# System Fragmentation

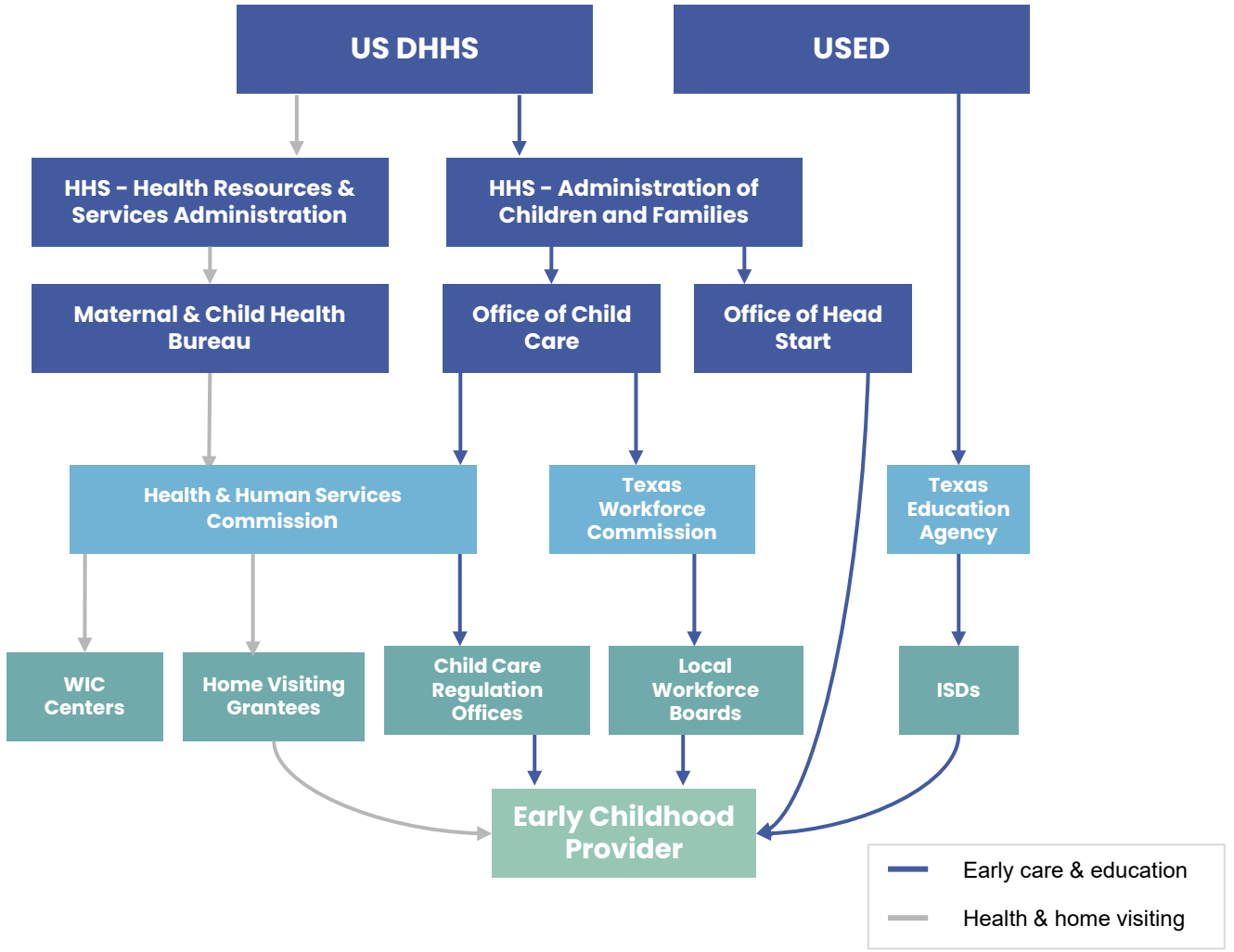
# System Fragmentation: Overview

Federal early childhood funding is administered by different **federal agencies** and offices, with different and conflicting priorities, regulations, and rules.

Instead of coordinating the administration of funding at the state level, Texas perpetuates the fragmentation across many **state agencies**, each with its own **local implementation partner**.

While there are exceptional leaders at every level of the system, the fragmentation prevents leaders from achieving systemwide impact.

State leaders have the power to **reduce this fragmentation** and create an **efficient and impactful early childhood system**.



# System Fragmentation: Overview

Right now, the early learning infrastructure in Texas **makes it near impossible to marshal all funding and resources towards a vision of what should be true for children and families.** Each early childhood program is operated in a different agency, with a separate set of rules, requirements, eligibility factors, and allowables.

**Examples of Incoherence in System:**

TEA creates quality expectations for public preschool offered in school and child care settings, but TWC creates quality expectations for subsidy-funded child care settings, which also serve four-year-olds.

TWC sets reimbursement rates for child care subsidy, but HHSC sets child care licensing requirements, which effect child care costs.

HHSC oversees early intervention and special education services for children younger than 3, but TEA oversees special education for children ages 3-5.

* Denotes Agencies under review by **Sunset Advisory Commission** this cycle.

| State Entity | Early Childhood Program/Function |
|---|---|
| **Texas Education Agency (TEA)** | • Early childhood special education (IDEA part B)<br>• Public preschool at schools and community-based child care providers |
| **Texas Workforce Commission (TWC)*** | • Child Care Scholarships (subsidies)<br>• Texas Rising Star (TRS) quality/improvement program and quality efforts for federal CCDF |
| **Texas Health and Human Services Commission (HHSC)*** | • Child Car Regulation<br>• Early childhood intervention (IDEA part C)<br>• WIC<br>• Family Support Services<br>• Home visiting programs |
| **Texas Department of State Health Services (DSHS)*** | • Maternal and child public health initiatives (including community resource coordination efforts like Help Me Grow) |
| **Texas Department of Family and Protective Services (DFPS)** | • Investigations into child abuse and neglect in child care settings |
| **Early Childhood Interagency Workgroup (ECIW)** | • Works across TEA, TWC, HHSW, and DFPS to coordinate the agencies' early childhood strategies and services |
| **Texas Early Learning Council (TELC)** | • Texas' State Advisory Council on Early Childhood Education and Care as required by the Improving Head Start for School Readiness Act of 2007 |
| **Texas Head Start State Collaboration Office (TXHSCO)** | • Provides support for the federally administered Head Start & Early Head Start programs |
| **Texas Department of Agriculture (TDA)** | • Child and Adult Care Food Program<br>• National School Lunch Program<br>• School Breakfast Program |

# System Fragmentation: Overview

The burden to navigate and make sense of Texas's fragmented and inefficient early childhood system largely falls on **working families** and **early childhood providers**.

**Families** who want to enroll their child in a publicly-funded early childhood program have to:

- Navigate multiple state and local websites to learn about all of their options and what they may be eligible for
- Fill out separate application for pre-K, Head Start, and child care centers, which require duplicative information
- Choose between available options without a way to consistently compare the quality of options

**Providers** who want to serve children through public funds have to:

- Comply with requirements from and report similar data to many different federal, state, and local administrators
- Adhere to multiple set of quality standards to take advantage of every funding source (e.g., Head Start program standards, TEA's preschool high-quality standards, and TWC's Texas Rising Star)
- Manage different credential requirements for staff, that often result in impossible-to-fill vacancies

# System Fragmentation: Regional Leaders

One in every ten American children live in Texas. The state is larger in both population and geography than its neighboring states combined.

To support families and providers in a state the size of Texas, each state agency works with different regional partners, which vary in jurisdictional boundaries, size, and charge. This geographic misalignment prevents local leaders from solving problems related to the local early childhood system for their constituents.

As a result of this unnecessary complexity, families and providers have **inefficient and inconsistent experiences,** based on where they live and work.

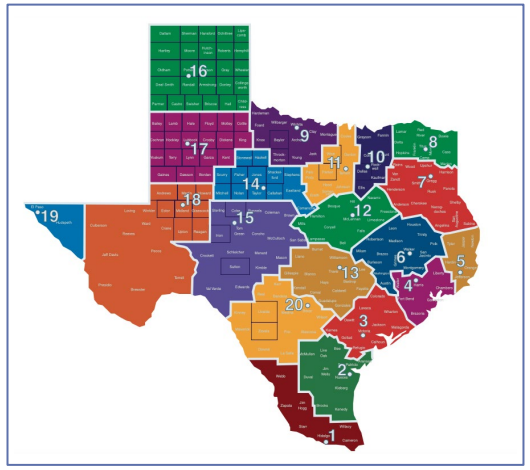


Figure 1: TEA works with 20 Education Service Centers (ESCs) that support 1,254 ISDs, which administer preschool and early childhood special education

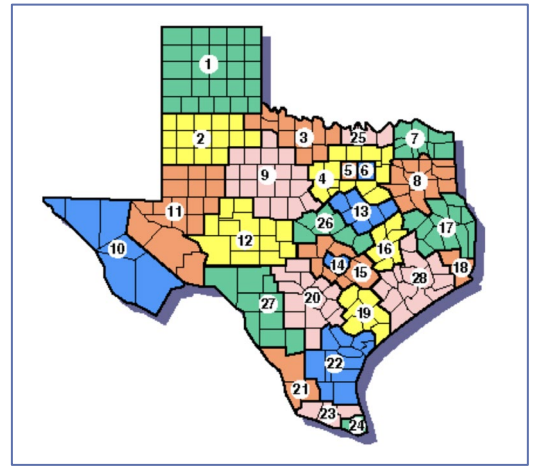
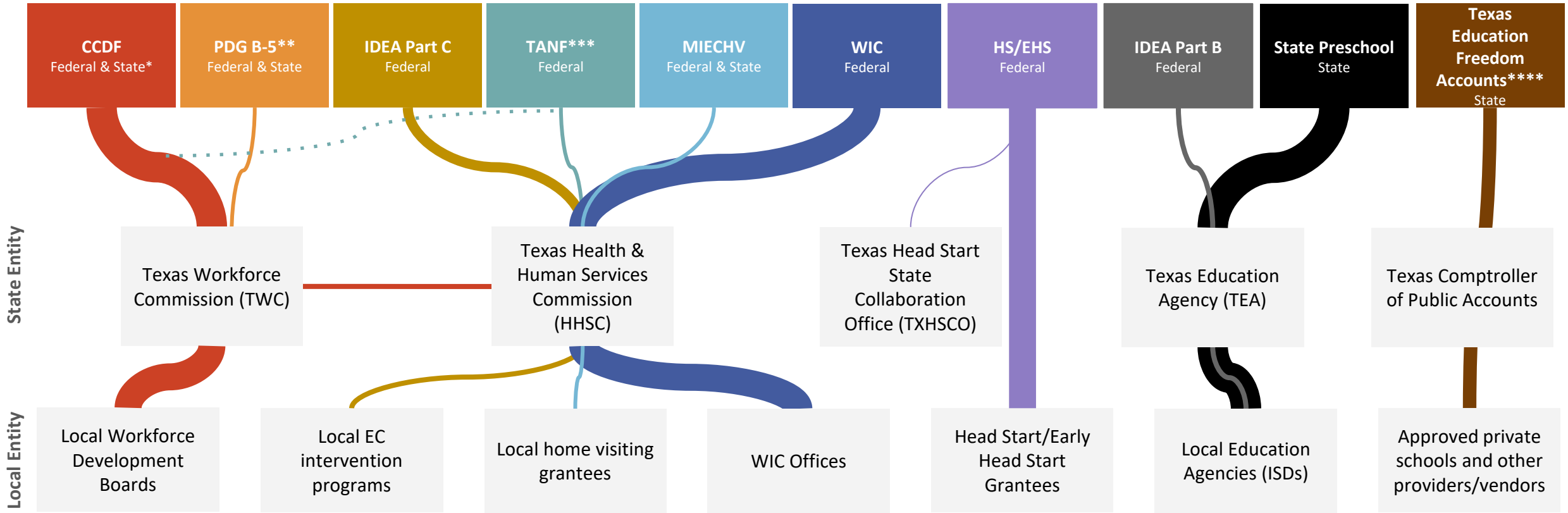


Figure 2: TWC works with 28 Local Workforce Development Boards that administer child care subsidy

Figure 3: HHSC administers child care licensing through 34 Child Care Regulation Offices located across the 11 HHS Regions

# System Fragmentation: Funding

Texas's early childhood system is funded through multiple federal and state streams **administered by different state and local entities**. Each of these funding streams operate through separate rules, agencies, and timelines, making coordination extremely difficult.




*This slide is intended to illustrate the scale and complexity of major early childhood funding streams in Texas, not to provide a fully comprehensive fiscal accounting.* ***The thickness of the lines indicate the relative size of the funding stream.***

Sources: First Five Years Fund, "Child Care and Early Education in Texas" (2025); FY25 MIECHV Program Awards; WIC Program Grant Levels by Fiscal Year; HHSC Federal Award Information; USDA FNS Contracts Information; TEFA; CCDBG; TANF; HS/EHS

Notes: *The state match for CCDF includes a large share to support the state's PreK program and is thus largely not new or differentiated funding for child care.; **Texas last received the PDG award in FFY2024; *** The TANF ECE funds include federal and state MOE expenditures for Pre-Kindergarten/Head Start and Child Care and are thus largely not new or differentiated funding for child care. The line shows how majority of TANF (non-ECE) funds flow to HHSC. In 2025 (89R), the legislature approved the use of $100m for this biennium ($50m per year) in TANF unused funds to support the Child Care Services program as indicated by the dotted line. ****Currently eligible Prek students are eligible for TEFAs. These are currently being implemented for the upcoming year , and it is not yet known how many Prek students will be served or the corresponding expenditures for ECE of the total $1B allocated for the entire program.

# System Fragmentation: Funding

| Lead Agency/Entity | Leadership | Relevant Legislative Committee | Early Childhood Funding Stream | Description | Regional Administrator |
|---|---|---|---|---|---|
| **Texas Education Agency (TEA)** | Commissioner of Education (appointed by Governor) | Senate Education<br><br>House Public Education | State Preschool Funding (Foundation School Fund Early Education Allotment) | ISD-operated preschool for 4-year-olds (Note: ISDs can supplement with Title I and local funding sources) | Local Education Agencies - Independent School Districts (ISDs) |
| | | | Individuals with Disabilities Education Act (IDEA) Part B | Special education services for 3- and 4-year-olds | Local Education Agencies - Independent School Districts (ISDs) |
| **Texas Workforce Commission (TWC)** | Three full-time commissioners (appointed by Governor)<br><br>Executive Director (hired by commissioners) | Senate Natural Resources & Economic Development<br><br>House International Relations & Economic Development | Child Care & Development Fund (CCDF) | Child care subsidy and related supports (Note: TWC transfers a portion of CCDF to HHSC to administer child care licensing) | Local Workforce Development Boards |
| **Texas Health and Human Services Commission (HHSC)** | Executive Commissioner (appointed by Governor) | Senate Health & Human Services<br><br>House Human Services | Child Care & Development Fund (CCDF)- Licensing only | TWC transfers a portion of CCDF to HHSC to administer child care licensing | |
| | | | Individuals with Disabilities Education Act (IDEA) Part C | Early intervention services for birth through 2-year-olds | Local EC Intervention Programs |
| | | | Temporary Assistance for Needy Families (TANF) | Texas uses a portion of its TANF MOE funding to support Pre-K/Head Start. In 2025, the legislature also approved a TANF transfer to the child care subsidy. | – |
| | | | Maternal and Infant Each Childhood Home Visiting (MIECHV) | Evidence-based home visiting models for eligible families | Local home visiting grantees |
| **Texas Department of State Health Services (DSHS)** | Commissioner (appointed by Governor) | Senate Health & Human Services<br><br>House Public Health | Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) | Nutrition support for low-income women with young children | WIC Centers |
| **N/A** | – | – | Head Start/Early Head Start | Federally administered early care and education programs serving low-income children and families (Note: a small portion of federal funding supports Texas's Head Start State Collaboration Office (TXHSCO) is part of the Children's Learning Institute at UTHealth Houston, which supports Head Start grantees) | Head Start grantees |

# System Fragmentation: Data

Currently, Texas collects early childhood data across many distinct data systems, making it nearly impossible to analyze data across early childhood settings or longitudinally over time.

**Without strengthened  data collection and integration , Texas cannot answer essential questions, including:**

- **Access**: How many unique children and families are currently accessing a seat or service?
- **Demand**: How many children are in need of early care and education?
- **Capacity**: How does the current system capacity (e.g., slots, facilities, teachers, providers) and available funding meet that demand?
- **Quality**: Of the children who can access seats and services now, which ones are receiving quality seats and services, or that at least meet their needs?
- **Outcomes**: How do the investments made in young children through publicly-funded slots, quality initiatives, and other initiatives translate to long-term child outcomes?
- **Workforce**: How many early educators are in Texas, what credentials do they hold, and where are we experiencing early educator vacancies?

The Legislature took initial steps to remedy some of these gaps by codifying an **Early Childhood Integrated Data System (ECIDS)** via HB 3963 (89R). This work is to be led by TEA and will hopefully set a foundation for more data-driven decision making.

# System Fragmentation: Data

| State Entity | Early Childhood Funding Stream | Data System(s) | What Data is Collected? |
|---|---|---|---|
| **Texas Education Agency (TEA)** | Public preschool<br>IDEA Part B | • **ECDS** (Early Childhood Data System)<br>• **PEIMS** (Public Education Information Management System)<br>• **Child Find** | • Public pre-K and K-12 unique IDs (PEIMS)<br>• Public pre-K and kindergarten assessment data<br>• Special education data<br>• Public pre-K teacher-level data |
| **Texas Workforce Commission (TWC)** | Child Care Development Block Grant (CCDBG)<br>Preschool Development Grant B-5 (PDG B-5) | • **TWIST** (The Workforce Information System of Texas) | • Child care subsidy eligibility and authorization data<br>• Unique IDs ((PEIMS) for children younger than six years of age enrolled in Texas Rising Star (TRS) child care programs |
| **Texas Health and Human Services Commission (HHSC)** | Child Care Development Block Grant (CCDBG) - *Licensing only*<br>IDEA Part C<br>Temporary Assistance for Needy Families (TANF) | • **TKIDS** (Texas Kids Intervention Data System)<br>• **CLASS** (Child Care Licensing Automation Support System)<br>• **TIERS** (Texas Integrated Eligibility Redesign System) | • Early intervention service data<br>• Child care licensing data, by licensed child care site<br>• Eligibility and benefit data for certain funded programs, i.e., TANF and Medicaid |
| **Texas Department of Family and Protective Services (DFPS)** | Maternal and Infant Each Childhood Home Visiting (MIECHV) | • **PEIRS** (Prevention and Early Intervention Reporting)<br>• **IMPACT** (Information Management Protecting Adults and Children in Texas) | • Average number of home visiting children/families served<br>• Counties served<br>• Home visiting grantee counts and budgets |
| **Children's Learning Institute (CLI)** | Child Care Development Block Grant (CCDBG) - *Contractor who supports QRIS and workforce registry* | • **Texas Rising Star** (State Quality Rating and Improvement System (QRIS) for child care providers)<br>• **Engage** (Birth-second grade professional development and child progress monitoring<br>• **TECPDS** (Texas Early Childhood Professional Development System) | • Site-level quality data for quality rated child care providers<br>• Workforce and trainer professional development and educational attainment data |

Source: Texas Early Childhood Integrated Data System Roadmap (April 2023)

# System Fragmentation: Regional Leaders

There are local leaders across the state finding opportunities to create a more coordinated, efficient experience for children, families, and early childhood providers in their communities.

### Spotlight on: Fort Worth

- Leaders in Fort Worth recognized the need to create a more coordinated and efficient early childhood system for families and providers.
- To achieve that, **the community centralized key early childhood functions – including child care subsidy, Head Start funding, Texas Rising Star (TRS), and pre-K partnerships between LEAs and independent child care programs – under a single administrator**, Child Care Associates (CCA) of Tarrant County.
- By centralizing these functions under CCA, Fort Worth has created a one-stop-shop for families and providers that can maximize all available resources to expand access to quality care across the community.
- CCA is building on their regional efforts by partnering with key officials, higher education leaders and nonprofit partners across 3 Local Workforce Development Boards to develop a unified, regional early educator workforce strategy to ensure a corps of quality early educators across North Texas.

### Spotlight on: Texas Panhandle

- In 2019, data showed that of the 26 counties in the Panhandle, four had zero child care providers and 14 were child care deserts.
- To address the early childhood crisis in the Panhandle region, private philanthropy provided startup dollars to launch The Early Learning Academy (ELA).
- In 2023–2024, Region 16 ESC piloted its first ELA in Stinnett (Plemons-Stinnett-Phillips CISD), marking the first ESC-operated early childhood center in Texas. The model quickly proved its value in addressing early childhood gaps and supporting rural communities.
- To sustain this model, the ELAs must braid complex funding streams leveraging Head Start/Early Head Start, Texas Workforce Commission subsidies, and ISD resources, **each of which has differing eligibility and use requirements**.

While promising, these **local efforts are limited by the misalignment and inefficiency in the funding and regulations in the state system**.

# System Fragmentation: Vision Setting & Alignment

In Texas's system, no single state entity is responsible for establishing a vision for a coherent early childhood system, and then marshalling available resources toward achieving that vision.

Instead, many different state entities participate in individual strategic planning efforts, that include early childhood as part of their greater focus.

While these efforts are well intentioned, the **lack of a single, unified vision and strategy** for Texas's early childhood system **results in no forcing mechanism that drives each agency's early childhood efforts towards a shared, greater goal.**

| Example State-Level Strategic Planning Efforts |
| --- |
| Tri-Agency Workforce Initiative<br>Led by TEA, THECB, TWC and the Office of the Governor |
| Texas Education Agency Strategic Plan<br>Led by TEA; FY 2023-2027 |
| Building a Talent Strong Texas<br>Led by THECB; 2022-2030 |
| Texas Workforce Commission Strategic Plan<br>Led by TWC; 2023-2027 |
| Texas Early Learning Strategic Plan<br>Led by TELC; 2024-2026 |

The Legislature did take steps in 2025 for additional vision-setting, including mandating **a strategic plan for young children with disabilities** and developmental disabilities led by TEA (HB 2310; 89R). With respect to promoting better cross-agency early childhood alignment the Legislature also established **the Quad Agency Child Care Initiative** to promote collaboration and coordination among state agencies (TWC, TEA, HHSC, DFPS) to improve child care access, affordability, and quality. Although these have the potential to improve aspects of the system, they do not address the entirety of the fragmentation across Texas' ECEC programs and the lack of an overarching vision.

# System Fragmentation: Consequences

The fragmentation in Texas's early childhood system leads to enormous complexity with many consequences, including:

**Inconsistent Experiences for Children**

Each program has its own quality standards, creating inconsistent learning experiences for children and preventing system-wide improvement

**Overburdened Families**

Families struggle to find and afford early childhood programs, and are forced to navigate an overly-complex and, bureaucratic system

**Unsupported Employers**

Employers struggle to recruit and retain employees because of child care issues, and lack supports to solve child care issues in their communities

**Broken Child Care Market**

Child care providers – who operate as small businesses – are not supported to meet the needs of families and employers in their communities

**Ineffective Data**

Leaders at every level of the system lack the data to answer basic questions about the early childhood system or make data-informed decisions

This fragmentation **wastes money and effort** at every level, and **the system does not clearly empower or hold anyone accountable for solving these challenges** and simplifying the system.

# Ideal State

# Ideal State

## The deep fragmentation in Texas's early childhood system is preventing the state from achieving an ideal state, where:

- **Families** can select an affordable early learning option that fits their needs and allows them to return to work. Parents are empowered with clear information and access to the supports that help their child thrive.
- **All children** enter kindergarten ready to learn and prepared for lifelong success through access to high-quality early childhood education and care across settings.
- **Providers** deliver high-quality early learning experiences across settings through a prepared, supported workforce and aligned systems. There are enough affordable, safe, high-quality spots for children made accessible for parents so that they can productively participate in the workforce or advance their education.

Ultimately, Texas' local and state economies stand to benefit from families who are supported through reliable and coordinated ECEC resources to hold jobs, raise children, and participate in their community.

**Streamlining transitions between care settings, providing expectations and an ability to measure the impact** of our ECEC programs can achieve both education and workforce outcomes desired by the state.

# Ideal State

## To address the fragmentation and streamline the experience of children, families, and providers, Texas should:

| | |
|---|---|
| **State Systems** | Ensure that there is a single vision for what should be true for children and families, that state leaders are accountable for achieving that vision, and that data are collected to depict the statewide access, quality, and capacity gaps in the system |
| **Regional Leadership** | Create a structure for regional coordination, with those closest to children equipped with role definition, funding, and autonomy to drive faster rates of improvement in access and quality |
| **Quality** | Hold early childhood programs serving children through public funds to a consistent bar of quality, and support all programs – regardless of setting or funding source – to achieve that bar of quality over time |
| **ECE Workforce** | Ensure that the ECE workforce has the necessary skills and competencies to be effective, and that providers are supported to recruit and retain a qualified ECE workforce |
| **Funding & Regulations** | Maximize existing funding, aligning eligibility requirements and other regulations across program types |
| **Data** | Collect and utilize the information needed to inform stakeholders on system metrics/implementation, understand returns on investment, and make data-driven decisions aligned to the statewide vision that drives real progress. |

# Appendix

# Glossary of Acronyms

| State and Federal Agencies | |
|---|---|
| **Acronym** | **Agency/Entity Name** |
| DFPS | Texas Department of Family and Protective Services |
| DSHS | Texas Department of State Health Services |
| ECIW | Texas Early Childhood Interagency Workgroup |
| HHSC | Texas Health and Human Services Commission |
| TDA | Texas Department of Agriculture |
| TEA | Texas Education Agency |
| TELC | Texas Early Learning Council |
| THSSCO | Texas Head Start State Collaboration Office |
| TWC | Texas Workforce Commission |
| US DHHS | United States Department of Health and Human Services |
| USED | United States Department of Education |

| Early Childhood Funding Sources | |
|---|---|
| **Acronym** | **Funding Source Name** |
| CCDBG | Child Care and Development Block Grant |
| CCDF | Child Care and Development Fund |
| EHS | Early Head Start |
| HS | Head Start |
| IDEA Part B | Individuals with Disabilities Education Act Part B |
| IDEA Part C | Individuals with Disabilities Education Act Part C |
| MIECHV | Maternal and Infant Each Childhood Home Visiting |
| PDG B-5 | Preschool Development Grant B-5 |
| TANF | Temporary Assistance for Needy Families |
| WIC | Special Supplemental Nutrition Program for Women, Infants, and Children |