



FISCAL YEARS 2017 - 2020

EARLY CHILDHOOD FUNDING IN TEXAS

TEXAS INSTITUTE FOR EXCELLENCE IN MENTAL HEALTH



ACKNOWLEDGEMENTS

The Texas Institute for Excellence in Mental Health would like to thank the following entities for their support of this project:

Texas Department of State Health Services
Texas Department of Family and Protective Services
Texas Education Agency
Texas Head Start State Collaboration Office
Texas Health and Human Service
Texas Workforce Commission

This brief was prepared by Jenny Baldwin, Leah Davies, and Holly Gurslin Beseda.

Project funded by:



THRIVE: PROJECT OVERVIEW

Thrive is a state initiative to promote the wellness of young children, ages zero to five, by addressing their social, emotional, cognitive, and physical development through the lens of the community systems that support young children and their families. Key goals for Thrive are to (a) develop a comprehensive early childhood Implementation Guide to support state efforts in expanding community-based early childhood systems of care; (b) support the development of early childhood systems in at least three Texas communities; and (c) identify opportunities at the state and local levels to continue to invest and sustain effective early childhood practices. A part of the implementation guide is to create a Texas fiscal map of early childhood spending, to demonstrate how early childhood systems are currently supported, and to attempt to illustrate areas of strengths and areas where further support is needed. For more information on Thrive, please follow this link: <https://sites.utexas.edu/mental-health-institute/early-childhood/>.

A fiscal map is a tool to help analyze public spending at the local and state levels, to identify gaps in funding, and to create strategies to generate new funding to fill those gaps (Children's Funding Project, 2022). Included in this brief is a fiscal map of Texas early childhood programs. The objective of this tool is to provide information to state agency leaders to assist in efficiently leveraging early childhood funding and optimizing program coordination. Texas utilizes a range of funding sources to support early childhood programs across the state that are located in community-based organizations and state agencies. The majority of early childhood dollars are federal funding sources that are delivered via block or formula grants, or are dollars for the state's general revenue. Each funding source includes particular requirements or expectations. This report includes data regarding the context of Texas' youngest children, an overview of state-level spending in early childhood, and program-specific information.



TEXAS EARLY CHILDHOOD FUNDING

TIEMH worked with Texas state agencies to inquire about early childhood funding between fiscal years 2017 and 2020. See Table 1 for the state agencies programs that were able to respond to this survey. The survey was administered to the Texas Department of Family and Protective Services, the Texas Department of State Health Services, the Texas Education Agency, the Texas Health and Human Services, the Texas Workforce, The Texas Department of Agriculture, and the Texas State Collaboration Office of Head Start.

Funding for early childhood programs in Texas is largely supported by state legislature general revenue dollars and federal grants, which include block grants, federal state allocations, and formula grants. Most early childhood programs are overseen by a state agency and administered via a community-based organization or local education agency. Head Start providers receive their funding directly from the US Department of Health and Human Services.

Table 1: Texas Early Childhood Funding Sources and Primary Program Goals, 2017-2020

State Agency	Programs	Funding Source(s)	Primary Program Goal as Indicated by State Agency
Texas Department of Family Protective Services	Healthy Outcomes through Prevention and Early Support	State general revenue	Health
	Helping through Intervention and Prevention	State general revenue	Support for Families and Caregivers
	Service, Military, and Veteran Families	State general revenue	Health
	Texas Home Visiting	Health Resources and Services Administration and state general revenue	Health
	Texas Nurse Family Partnership	US Department of Health and Human Services and state general revenue	Health
Texas Department of State Health Services [1]	Title V MCH Services Block Grant [2]	Health Resources and Services Administration and state general revenue	Health
Texas Education Agency [3]	Foundational School Program	State general revenue and State Permanent School Fund (PSF)	Early Learning and Education
	Instructional Materials Program	State general revenue and PSF	Early Learning and Education

[1] No information was provided by the Texas Vaccines for Children Program.

[2] Title V MCH Services Block Grant is divided into services for pregnant women, infants, children ages 1-24 years, and children with special healthcare needs.

[3] No information was provided by Early Childhood Special Education, Early Childhood Education Professional Development, RECESS, or Texas School Ready.

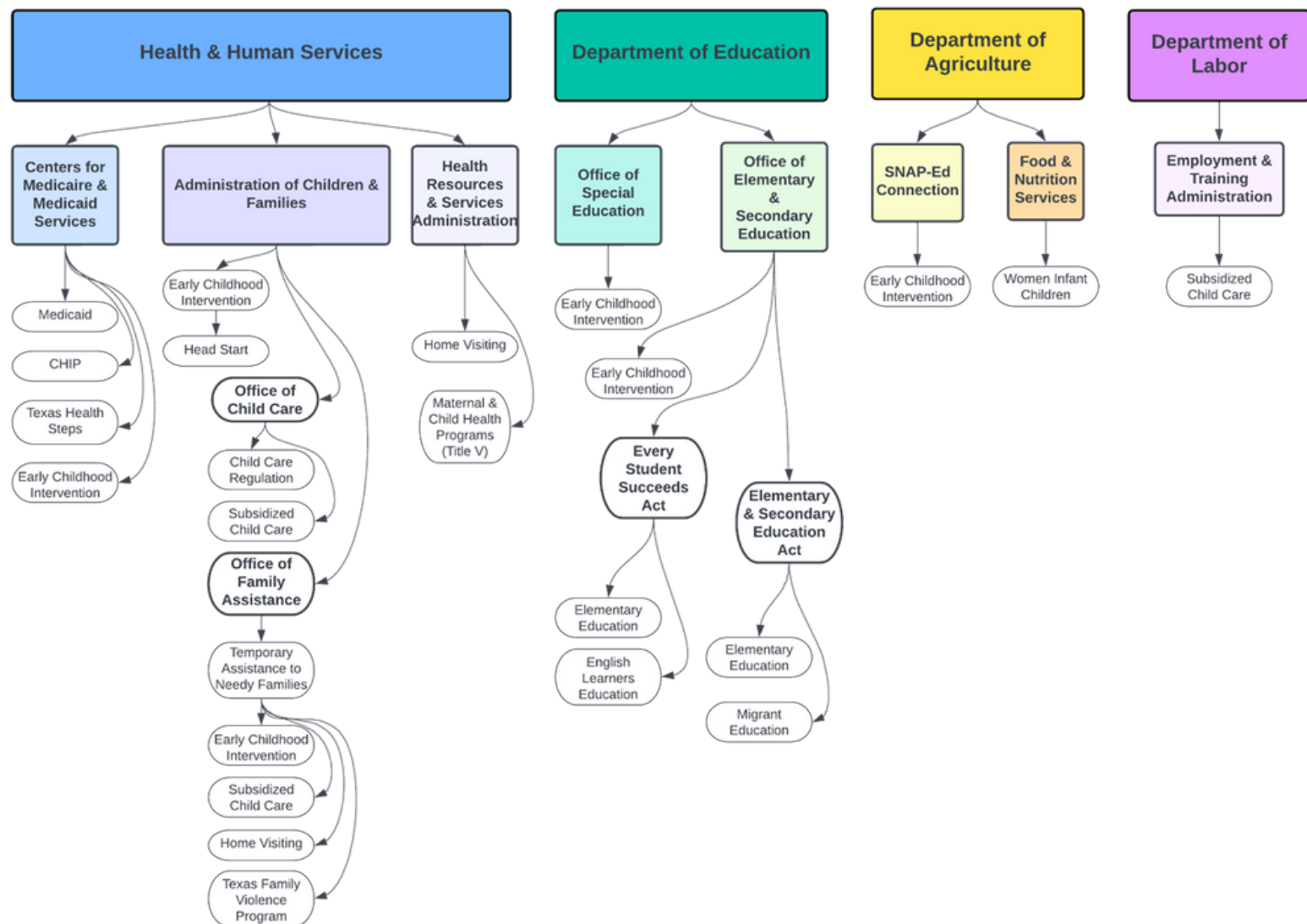
Table 1: Texas Early Childhood Funding Sources and Primary Program Goals, 2017-2020 (Continued)

State Agency	Programs	Funding Source(s)	Primary Program Goal as Indicated by State Agency
Texas Education Agency (Continued)	Title I, Part A	US Department of Education	Early Learning and Education
	Title I, Part C Migrant Education Program	US Department of Education	Early Learning and Education
	Title III, Part A of ESEA	US Department of Education	Education
Head Start	Head Start	US Department of Health and Human Services	Early Learning and Education
	Early Head Start	US Department of Health and Human Services	Early Learning and Education
	Early Head Start Childcare Partnerships	US Department of Health and Human Services	Early Learning and Education
Texas Health and Human Services [4]	Early Childhood Intervention	US Department of Education, US Department of Health and Human Services, US Department of Agriculture, state general revenue	Health
	Medicaid and Texas Health Steps	US Department of Health and Human Services	Health
	Children's Health Insurance Program (CHIP)	US Department of Health and Human Services	Health
	Women Infant Children (WIC)	US Department of Agriculture	Health
	Texas Family Violence Program	US Department of Health and Human Services and US Administration for Children and Families	Support for Families and Caregivers
	Child Care Regulation	US Department of Health and Human Services and state general revenue	Early Learning and Education
Texas Workforce Commission	Child Care & Early Learning Services Program	US Department of Health and Human Services and Families and state general revenue	Early Learning and Education
	Choices	US Department of Labor and state general revenue	Early Learning and Education
	At-Risk & Transitional Childcare	State appropriated receipts and general revenue	Early Learning and Education
	Texas Rising Star	US Department of Labor and state general revenue	Early Learning and Education
	Contracted Daycare with DFPS [5]	US Department of Labor and state general revenue	Early Learning and Education

[4] No information was provided by Medicaid 1915C Waivers, Primary Healthcare Program, the Children's Mental Health Program, or the Supplemental Nutrition Assistance Program.

[5] The funding for this work crosses state agencies and is represented under the Texas Workforce Commission for the purposes of this report.

TEXAS EARLY CHILDHOOD FEDERAL FUNDING

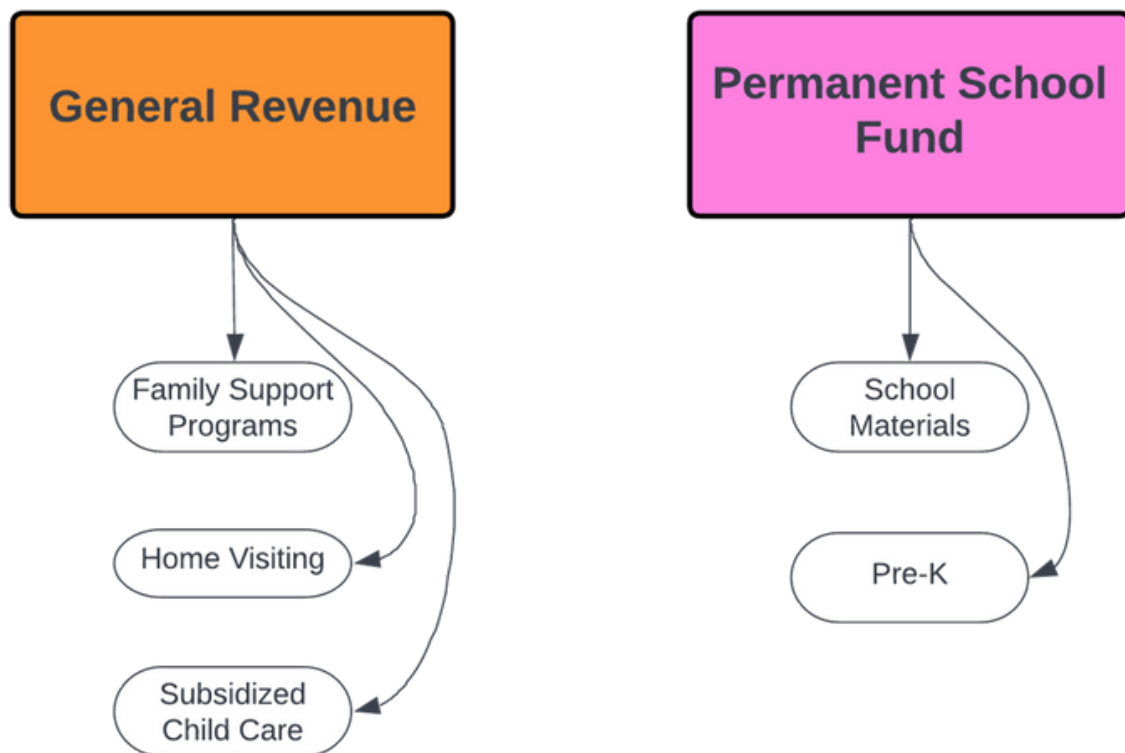


THRIVE

Texas Institute for
Excellence in Mental Health



TEXAS EARLY CHILDHOOD STATE FUNDING

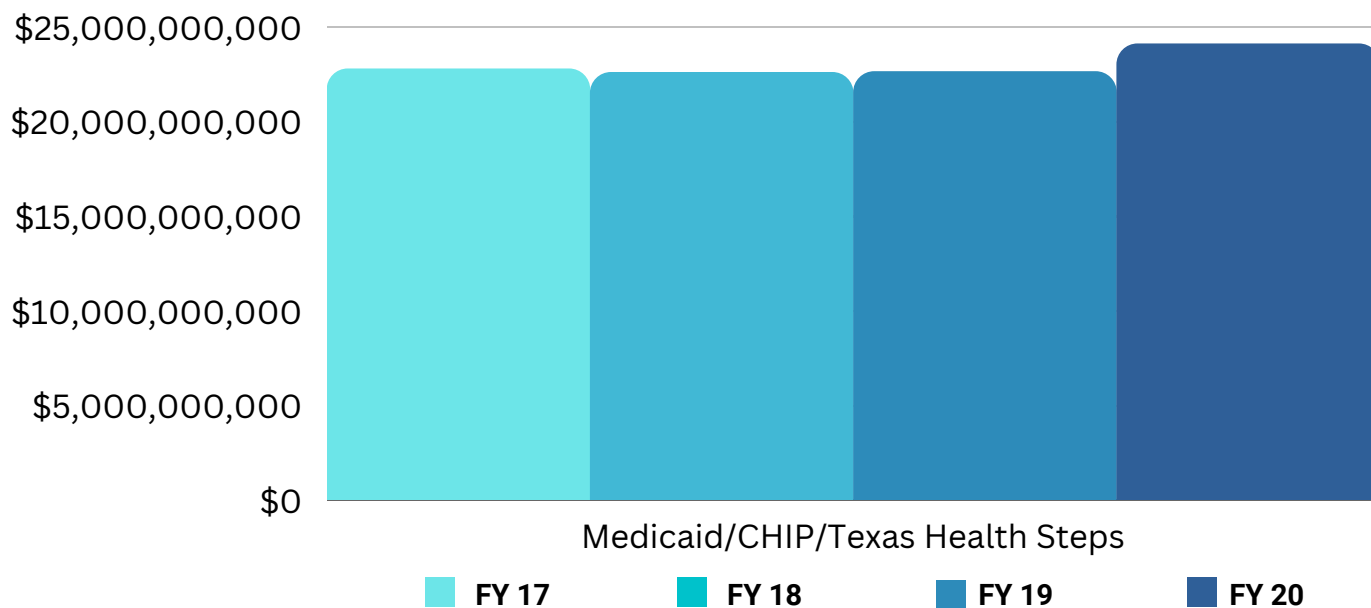


THRIVE
Texas Institute for
Excellence in Mental Health

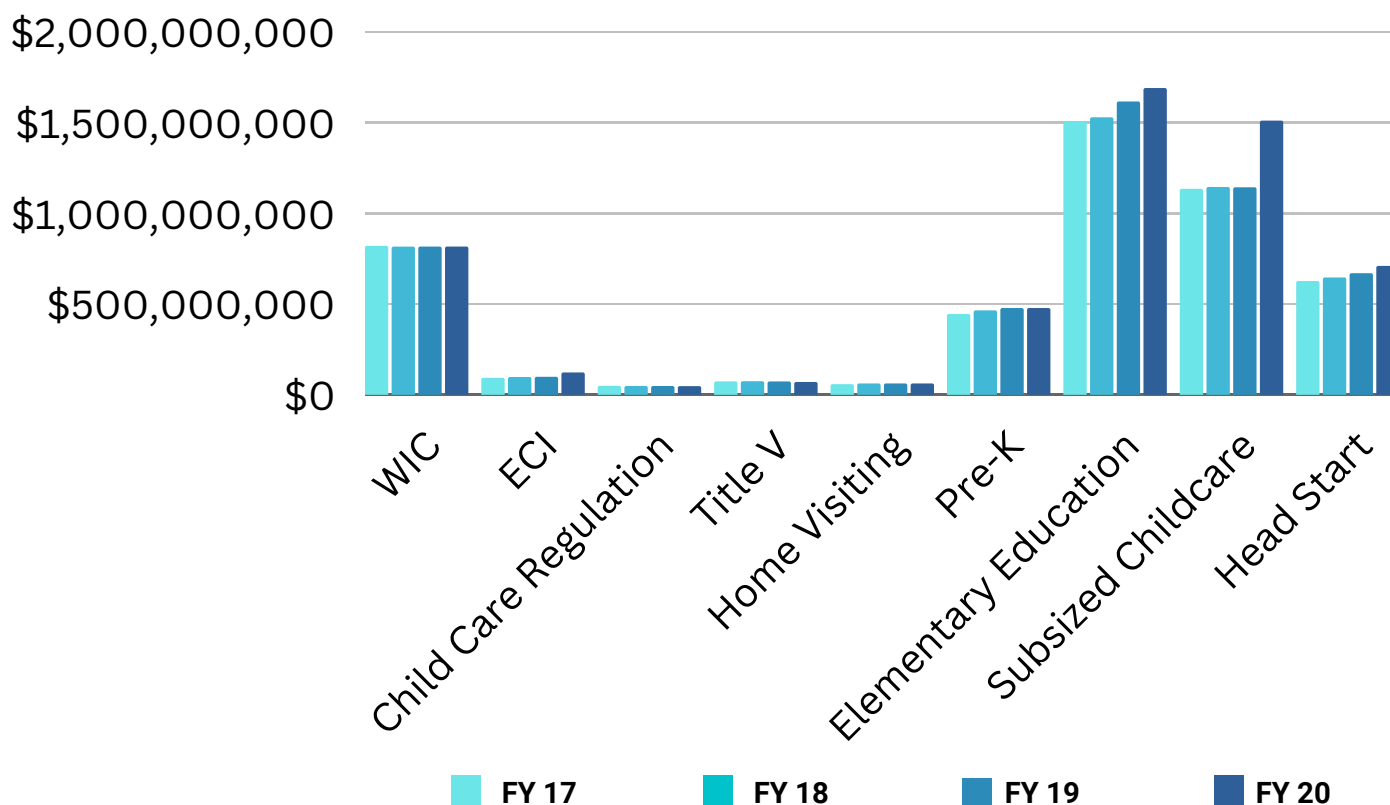


TEXAS EARLY CHILDHOOD FUNDING: SUMMARY

Texas Early Childhood Funding – Medicaid, CHIP, and Texas Health Steps, 2017-2020



Texas Early Childhood Funding, 2017-2020



EARLY CHILDHOOD PROGRAM DESCRIPTIONS

Children's Public Health Insurance

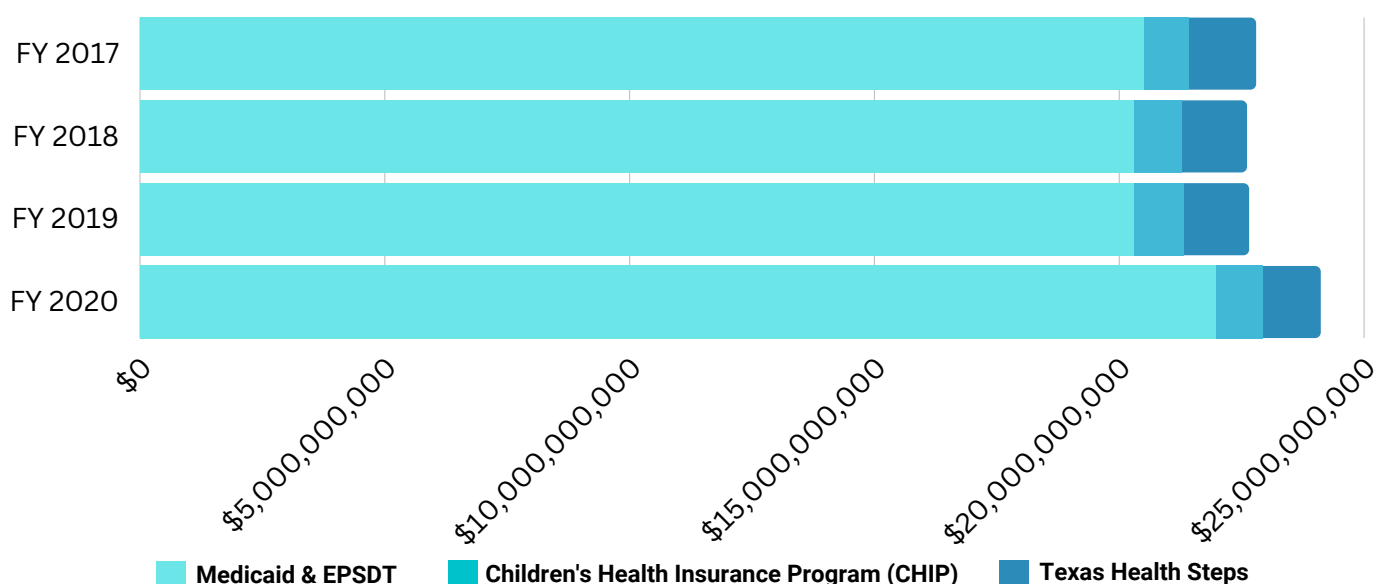
Program Description

Children are able to apply for health insurance through two statewide programs – Medicaid and the Children's Health Insurance Program (CHIP). Eligibility depends on age, need, and family income. The income threshold lowers as the child ages. Texas Health Steps is healthcare for children ages 0 to 20 who have Medicaid and covers medical and dental checkups. The Texas Health and Human Services Commission oversees the Medicaid and CHIP programs via the Centers for Medicare and Medicaid Systems (CMS). Health providers must enroll via CMS to bill for services provided to Medicaid and CHIP holders.

Funding Mechanism

In FY 2020, the Medicaid, CHIP, and Texas Health Steps budget was over \$24.1 billion. Texas Medicaid receives federal funding through Title XIX of the Social Security Act. Services may be funded through fee for service billing or via a managed care organization. Texas CHIP is funded through Title XXI of the Social Security Act. CHIP services are delivered through managed care organizations. Texas Health Steps is funded through the Social Security Act, and state general revenue funds. Services are provided via managed care organizations.

Children's Public Health Insurance Budget, FY 2017-2020



Early Childhood Education

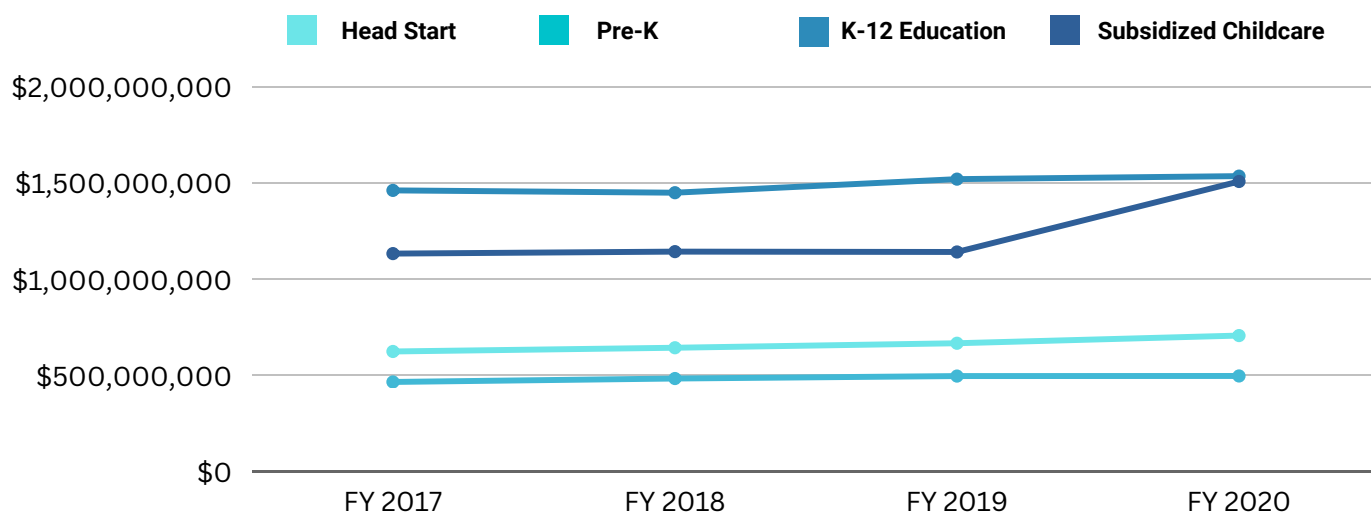
Program Description

Early childhood care and education encompasses Head Start, subsidized child care, prekindergarten (pre-K), and kindergarten. Head Start and Early Head Start promote the school readiness of children from birth to age five from low-income families. Community-based organizations and schools provide services. Families may be eligible for financial aid, or a subsidy, to cover child care costs. Services are provided at local centers that have met particular standards. Pre-K is for families of children ages 3 and 4 years and is provided at local public schools. Services are available free for eligible children, and with a tuition for families ineligible for free pre-K. Kindergarten is a part of the kindergarten to 12th grade education system, and services are provided at local public schools.

Funding Mechanism

Head Start is funded directly to local providers via the Administration for Children and Families within the US Department of Health and Human Services. Subsidized child care programs have various funders, including the Administration for Children and Families, the Workforce Commission Federal Act, and state general revenue funds. Pre-K is funded through Title I funding of the Every Student Succeeds Act (ESSA) and state funding, including general revenue dollars, the Permanent School Fund (PSF), and the Available School Fund (ASF), both of which are included in the Texas Constitution. The Texas Legislature requires local districts to provide pre-K to 4-year-olds. Kindergarten is funded via programs that support all elementary education systems, including federal funding under the US Department of Education (ESSA and the Elementary and Secondary Education Act, state funding (general revenue, PSF, and ASF). All school grades are included in the numbers, as the early childhood allocations were not provided for Title I and Title III funding.

Early Childhood Education Budget, FY 2017-2020



Early Childhood Intervention (ECI)

Program Description

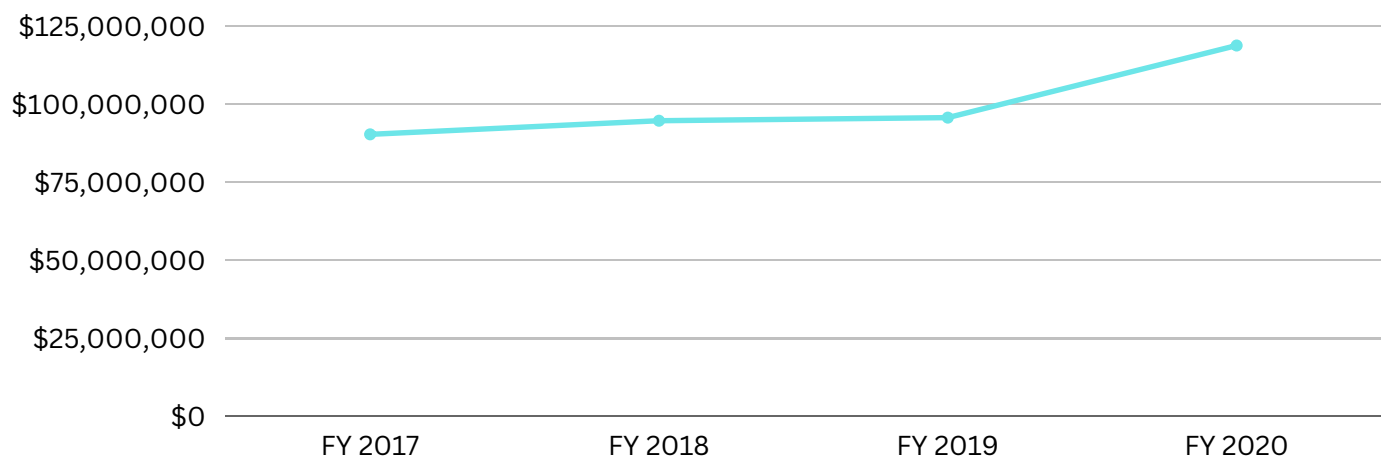
The Early Childhood Intervention (ECI) program serves children from birth to age 3 who have developmental delays, disabilities, or particular medical diagnoses that can impact development. Services may include developmental screening, speech or occupational therapies and connection to other community resources.

Early Childhood Intervention (ECI) - Continued

Funding Mechanism

ECI is overseen by the Texas Health and Human Services Commission (HHSC). HHSC receives state general revenue funds as well as federal funds from the US Department of Education and the US Department of Health and Human Services that it awards to community-based organizations to provide services. ECI Providers can also bill services to Medicaid on a fee-for-service basis. ECI also provides nutritional information to families, which is funded by the US Department of Agriculture.

Early Childhood Intervention Budget, FY 2017-2020



Child Care Regulation

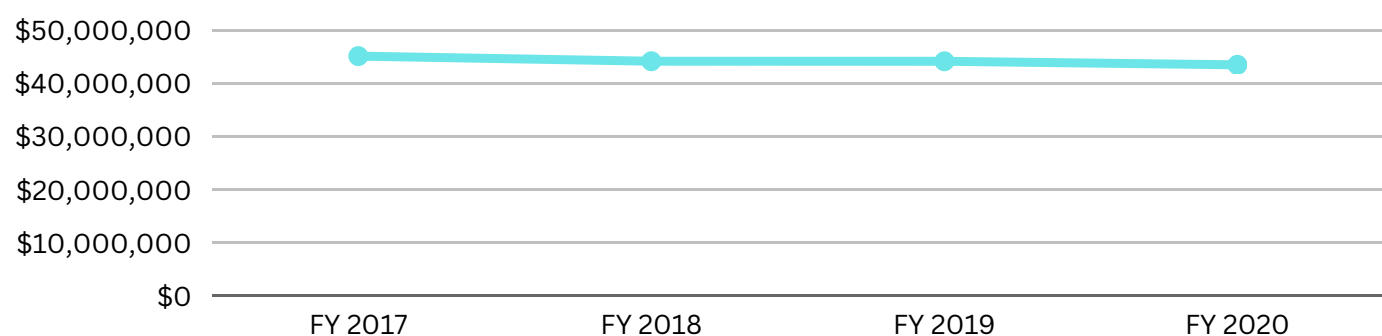
Program Description

Child Care Regulation (CCR) regulates all child care agencies to protect the health and safety of children in care, permitting and monitoring child care agencies for compliance with state laws and regulations, and investigates complaints against child care agencies. CCR also informs the public about how child care agencies are complying with state laws and regulations. Operations are housed in the Texas Health and Human Services Commission (HHSC).

Funding Mechanism

HHSC oversees CCR. Funding includes federal funds from the Social Security Act and general revenue state funds.

Child Care Regulation Budget, FY 2017-2020



Women Infant Children (WIC)

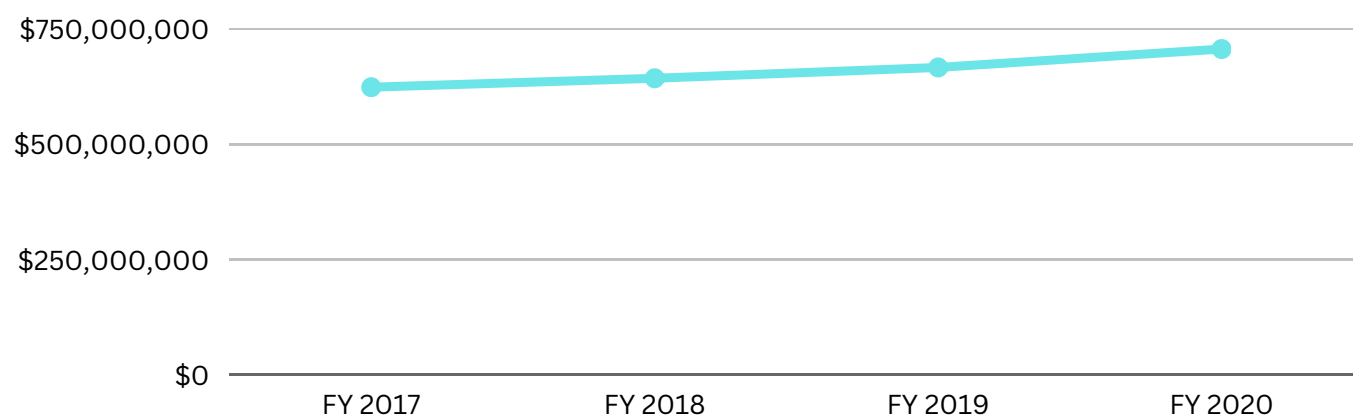
Program Description

Women Infant Children (WIC) provides pregnant women and mothers prenatally until the child is age 5 with support and education regarding pregnancy, nutrition, breastfeeding, and health. WIC also provides access to healthy foods. Services are provided through local WIC offices that are housed within community-based organizations.

Funding Mechanism

The Texas Health and Human Services Commission (HHSC) receives a federal state allotment for the WIC program. Allotments are formula-based through the US Department of Agriculture's Food and Nutrition Service.

Women Infant Children Budget, FY 2017-2020



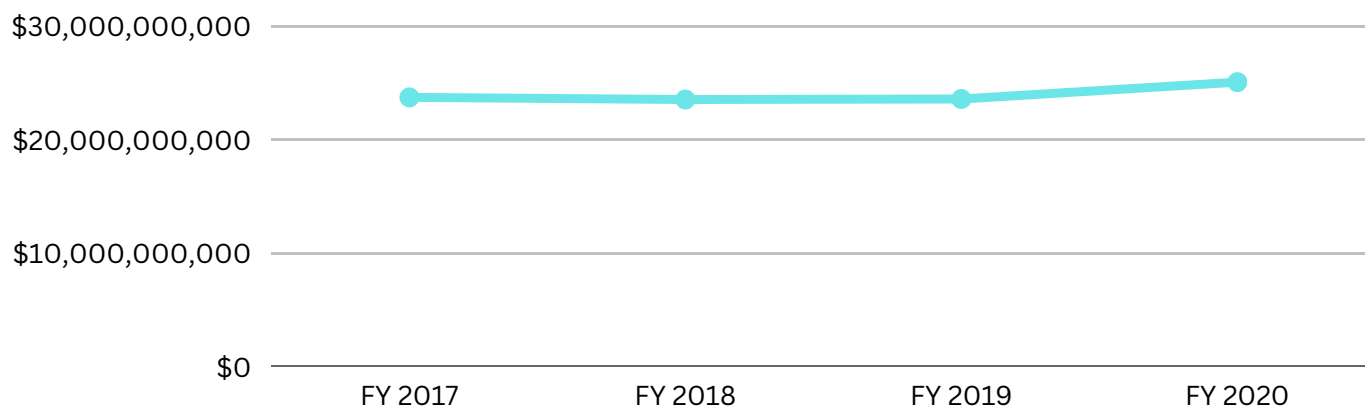
Title V: Maternal and Child Health Programs

Program Description

Title V Maternal and Child Health programs support the development of family-centered, community-based, coordinated systems of care. Programs include education, awareness, support, and resources that focus on the health of women, infants, children, youth, and children and youth with special healthcare needs.

Funding Mechanism

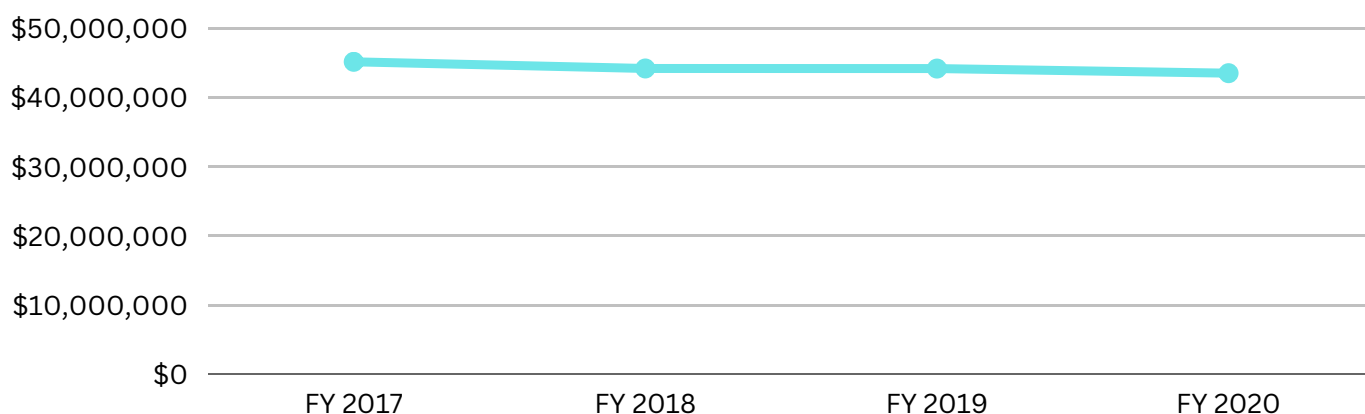
The Texas Department of State Health Services (DSHS) oversees Title V, which is a federal block grant awarded by the Health Resource and Services Administration and authorized by the Social Security Act. DSHS awards Title V dollars to local organizations to provide services via a cost reimbursement grant. These services are also funded by state general revenue dollars.

Maternal and Child Health Programs (Title V) Budget, FY 2017-2020**Home Visiting****Program Description**

Home visiting program utilize evidence-based models to deliver programming to families with children ages 0 to 5. Programs focus on supports and education that target positive health outcomes, increase family self-sufficiency, and increase safety.

Funding Mechanism

The Texas Department of Family and Protective Services (DFPS) oversees these programs. DFPS home visiting is funded through federal funds (the Health Resources and Services Administration and the Administration for Children and Families) and state general revenue dollars. DFPS awards funding to local implementing agencies to provide services via cost reimbursement grants.

Home Visiting Budget, FY 2017-2020

KEY OBSERVATIONS

Understanding Exact Early Childhood Spending

It is challenging to discern exact amounts for early childhood spending in Texas. Early childhood is typically considered to be the age range of 0 to 5 years, and many programs serve a broader age range that is inclusive of early childhood. Budgeting does not call for dividing spending by the target population's ages. As such, it would require an additional investigative inquiry that would mean a deep dive into the demographics of who is served, cost analysis to determine cost per individual served, and budget analysis of how funds support individuals with age consideration. This analysis would need to take place within all state agencies, as well as programs that include early childhood. This would be a large undertaking, to say the least, and would require funding to support such an investigation. That said, understanding the state's investment in early childhood helps state and community-based programs to better maximize investments in programs that support young children. It could lead to more and improved partnerships that could bring more federal dollars to the state. It could also lead to greater shared understanding of what programs are available, meaning an increase in referrals between programs. This would likely lead to a decrease in unused program funds. Further, state agency leaders and state legislators would also have a better idea about where there are gaps in spending and where additional supports are needed.

Prevention Versus Tertiary Spending

Texas spends more on Medicaid than any other program that serves young children, including the Texas education system. Considering the budgetary information that Thrive was able to acquire from state agencies, in FY 2020 Texas spent more than \$22.9 billion on Medicaid and CHIP and more than an \$1.1 billion was spent on Texas Health Steps. Combined this is more than \$24.1 billion in FY 2020. Comparatively, early childhood care and education spending is a fraction of this cost. For example, elementary education spending in FY 2020 was about \$1.6 billion, only 7% of the Medicaid budget. Similarly, subsidized childcare in FY 2020 was \$1.5 billion, only 6.25% of Medicaid spending. Head Start spending in FY 2020 was \$706 million, or 2.93% of the Medicaid budget of the same year.

The Texas Medicaid system certainly includes prevention efforts, including developmental screening, medical screening, well checks, and family health education. Further, Medicaid is linked to academic success in children (Heather Clapp Padgett, 2019). There are also linkages between spending on early childhood family support programs, such as Nurse-Family Partnership, and overall state cost savings in tertiary supports later on, such as healthcare costs (Nurse-Family Partnership, 2022). Early education supports also lead to improved educational outcomes (Learning Policy Institute, 2022). That said, it begs consideration if Texas would spend less on tertiary medical needs for older children and adults, if more was invested in a child's first five years. Further, it would be worth considering if more alignment between Medicaid systems and other early childhood programs lead to more strategic investments for young children.

REFERENCES

Children's Funding Project. (2022, October 27). State and Local Fiscal Maps. Retrieved from <https://www.childrensfundingproject.org/state-and-local-fiscal-maps>

Heather Clapp Padgett, C. W. (2019). How Medicaid and CHIP Can Support Student Success through Schools. Georgetown University Health Policy Institute: Center for Children and Families, 1-15. Retrieved from chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/<https://collections.nlm.nih.gov/master/borndig/101770658/Student-Success-Report.pdf>

Learning Policy Institute. (2022, November 28). What Does the Research Really Say About Preschool Effectiveness? Retrieved from Learning Policy Institute: <https://learningpolicyinstitute.org/press-release/what-does-research-really-say-about-preschool-effectiveness>

Nurse-Family Partnership. (2022, November 28). Nurse-Family Partnership: Outcomes, Costs and Return on Investment in the U.S. Retrieved from Nurse-Family Partnership: www.nursefamilypartnership.org/wp-content/uploads/2017/02/Miller-State-Specific-Fact-Sheet_US_20170405-1.pdf

THRIVE
Texas Institute for
Excellence in Mental Health

