

State Opportunities under the American Recovery and Reinvestment Act:

Early Childhood Programs

Summary

The American Recovery and Reinvestment Act (ARRA) extends a number of funding supports to early childhood programs, primarily through:

- (1) Child Care and Development Block Grant (CCDBG); and
- (2) Head Start and Early Head Start.

The purpose of CCDBG is to provide low-income parents that are working or looking for employment, with child care assistance. Portions of these funds can also be used to ensure a high quality early childhood workforce through professional development and training. The purpose of Head Start and Early Head Start is to provide a comprehensive early care and education program for low-income pregnant women and children from birth to elementary school entry. These programs are described in more detail below.

Other sources of ARRA funding for early childhood programs may also be available through the State Fiscal Stabilization Funds, Title I, and the Individuals with Disabilities Act (IDEA). For more information about these programs visit the following links:

- IDEA funding includes \$11.3 billion in Part B, which provides preschool programs to children with disabilities ages three and older; \$400 million for section 619 of Part B preschool; and Part C, which provides \$500 million in early intervention services for children ages birth through age two and their families.
- Title I, which includes \$13 billion for low-income school districts. There is no specific set-aside for early childhood, however, states are allowed to use Title I funds for early childhood programs.

Effectively coordinating the various funding streams described above will be a challenge for states. The Improving Head Start for School Readiness Act of 2007 required governors to designate or establish an advisory council to improve the quality, availability, and coordination of services for children from birth to school entry. Early childhood advisory councils can assist governors in effectively utilizing stimulus funding in the following ways:

- coordinate early childhood funds in programs including Head Start; Early Head Start; Child Care Development Block Grant; Title I; Part C of the Individuals with Disabilities Education Act; Temporary Assistance for Needy Families; Medicaid, and child welfare services (Title IV-E and IV-B);
- use data that align to a statewide strategic plan for early childhood to identify the biggest gaps in current services;
- track program outcomes to ensure accountability and transparency of stimulus spending in early childhood;
- guide statewide quality improvement initiatives through the establishment of workforce and program standards, and through professional development and training initiatives; and
- identify sustainable investment strategies.

In addition, ARRA increases to Head Start means funds are now available for one-time start up grants to be awarded on a competitive basis to support the activities of the council. Guidance on the competitive process for disbursing and administering grant funds are forthcoming.

Specific provisions of interest to states are described below.

1 Child Care and Development Block Grant (Title VIII)

1.1 Purpose

- This section provides \$2 billion to the Child Care and Development Block Grant (CCDBG), which enables states to provide eligible low-income families with subsidies to help them pay for child care. CCDBG includes funds that specifically target expanding access and improving the quality of child care available to low income families.

1.2 Funding Level

- \$2 billion is applied to CCDBG, supplementing 2008 discretionary funding. No state match is required for the use of these funds.

1.3 2008 Appropriations

- In FY 2008, CCDBG discretionary funding totaled \$2.06 billion. Mandatory funds in the amount of \$2.917 billion brought the total funding for the program to \$4.9 billion.

1.4 Mechanism and Use of Funds

- These funds would supplement existing discretionary funding for CCDBG. They are not subject to state matching requirements.
- Funds are available through September 30, 2010. States are required to obligate these funds within two years and spend them within three years of this date. No state match is required.
- Of the total \$2 billion, \$255.2 million will target quality improvement. Of this \$255.2 million, \$93.6 will target improvements in the quality of infant and toddler care.
- Remaining funds will be expended according to the existing funding formula, which includes discretionary targeted funds for services to tribes and territories, child care resource and referral and school-aged child care activities, quality improvement activities, and child care research, demonstration, and evaluation activities.

1.5 Issues for Governors

- Increasing access and affordability for child care services will remain a priority for states. These funds may be capable of providing child care services for an additional 300,000 children in low-income families nationwide. Funding for CCDBG has not seen a federal increase since FY 2002. The economic downturn has meant more families are becoming eligible for subsidized care. The result has been further strain on state budgets to expand the capacity of subsidized programs to serve increasing numbers of low-income children.

- Sustaining increases to program capacity achieved through the expenditure of these funds will be difficult for many states. Program slots that are created through the infusion of this funding may require additional state support in the future. Expanding access to child care services should be implemented with sustainability in mind.
- Improving the quality of subsidized child care programs remains a high priority for many states. These funds may be used to promote quality by raising provider reimbursement rates based on a tiered system tied to program standards, and providing financial assistance for professional development and training. The quality of infant and toddler care may be enhanced by expanding the pool of infant-toddler specialists working within a state.
- High quality child care services for children ages birth to three are significantly more expensive to fund than care for older children.

2 Head Start and Early Head Start (Title VIII)

2.1 Purpose

- This section provides \$2.1 billion to Head Start and Early Head Start, a comprehensive early care and education program serving low-income pregnant women and children from birth to elementary school entry.

2.2 Funding Level

- \$1 billion will be allotted to the expansion of Head Start and Early Head Start. The remaining \$1.1 billion will be awarded through competitive grants to states for the expansion of Early Head Start.

2.3 2008 Appropriations

- Head Start and Early Head Start were funded at \$6.89 billion in FY 2008.

2.4 Mechanism and Use of Funds

- The \$1 billion intended to support the expansion of Head Start and Early Head Start will be distributed through the program's standard funding formula, which includes provisions for program expansion, technical assistance, expansion of Migrant and Seasonal programs, quality improvement, and research, demonstration, and evaluation activities. The existing funding formula includes provisions for Early Childhood Advisory Councils (ECACs). Regulations to guide the administration of ECACs are pending.
- \$1.1 billion will be awarded to states through competitive grants to support the expansion of Early Head Start. Of this amount, up to 10% may be used for training and technical assistance, and up to 3% may be used for monitoring purposes.
- Funds are available through September 30, 2010.

2.5 Issues for Governors

- Increasing access to Head Start and Early Head Start programs will remain a priority for many states. These funds may be capable of allowing an additional 124,000 children to participate in these programs. In most states, Head Start and Early Head Start funds will flow directly to state grantees. However there are several states where state agencies serve as lead grantees.