

February 3, 2009



EARLY CARE AND EDUCATION PROVISIONS OF THE AMERICAN RECOVERY AND REINVESTMENT ACT

Over the past several weeks, Congress and the Administration have been crafting measures to stimulate the economy and bring much-needed fiscal relief to the states. Both the House of Representatives and the Senate have developed slightly different economic recovery packages with significant investments for infants and toddlers. This document provides an overview of the early care and education provisions of the House and Senate bills, with particular emphasis on investments for infants and toddlers. We also note additional issues state policymakers might wish to consider now to begin planning for the release of these potential new funds. ZERO TO THREE will continue to monitor the progress of both bills through enactment and provide updates as needed.

Funding for Early Care and Education

Both the House and Senate bills provide for at least \$4.6 billion in new funding for Head Start/Early Head Start, the Child Care and Development Block Grant, and Part C early intervention services for infants and toddlers. Both bills also provide for \$11 billion in Title I education grants, with the Senate requiring at least 15 percent of those funds to be used for early childhood education programs for children 0-5. The Senate bill further includes early care and education programs, services, and facilities as allowable uses for school modernization, neighborhood stabilization, and education restoration funds.

In general, both the House and Senate bills provide for funding to be spent over two years, with funding through formula grants being released within 30 days of enactment. Specific programs may vary in their requirements for obligated and expended funds. In the Appendix you will find a detailed chart comparing the funding levels for specific programs in both bills as well as timeframes for the release and expenditure of funds.

Possible Uses of Funds

Additional funds for early care and education may be used to expand access to more families, promote affordability for existing families, and/or improve quality of services. For example, possible uses may include expanding the number of children served, waiving or lowering co-pays, improving eligibility levels, raising provider reimbursement rates, providing financial assistance for professional development activities, offering training and technical assistance, improving data collection systems, supporting a network of infant-toddler specialists, or implementing any other uses allowed under existing law. Early care and education programs may extend the day or year of services, open additional classrooms, increase teachers' salaries, or other allowable uses of funds. In addition, the school modernization and neighborhood stabilization funding may be used to address issues regarding facilities.

Additional Funding for Infants, Toddlers and their Families

Although we have only profiled specific early care and education funds in this document, there are several additional funding streams and programs in the stimulus package that may also benefit infants, toddlers, and their families. Such funding streams include Temporary Assistance for Needy Families (TANF), Medicaid, WIC, the Supplemental Nutrition Assistance Program (SNAP, formerly known as Food Stamps), Community Development Block Grants, Low-Income Home Energy Assistance (LIHEAP), and the Community Services Block Grant (CSBG). Tax credits such as the Child Tax Credit, the Earned Income Tax Credit, and the Make Work Pay Credit will also aid families with young children. Additionally, higher education provisions may be applicable to workforce development in early childhood programs. For more information on many of these programs please see:

National Conference of State Legislatures: <http://www.ncsl.org/statefed/2009economicstimulus.htm>
ZERO TO THREE's Federal Tracking Chart: <http://www.zerotothree.org/federaltrackingchart>

Considerations for Planning

While states await resolution of the final bill and further guidance from the federal government, they can begin planning now to take advantage of potential new funds. By reviewing their needs and existing resources for very young children, state leaders can capitalize on this opportunity and determine the best use of funds in light of their own state context. State policymakers can examine existing state plans and consider recommendations from previous reports. Services and initiatives with proven effectiveness should be identified, giving consideration to evidence-based programs and local innovations that might be brought to scale. If the state has established a State Advisory Council on Early Childhood Education and Care, as required under the 2007 reauthorization of Head Start, that group may provide advice on use of additional funds. If not, other councils, commissions, or task forces working on early childhood issues may be well positioned to offer input into these important decisions. Finally, states should consider opportunities to partner with other programs or funding streams to maximize the impact of potential new funds.

Additional Resources

For estimated state allocations of stimulus funding, please see the following websites:

National Conference of State Legislatures: www.ncsl.org/print/statefed/StateAllocations.pdf

Center for Law and Social Policy: <http://childcareandearlyed.clasp.org/>

Center for Budget and Policy Priorities: <http://www.cbpp.org/1-22-09bud.htm>

Comparison of Early Care and Education Funding for Infants and Toddlers in the House and Senate Economic Recovery Bills

| Program | House Bill | Availability of Funds | Senate Bill | Availability of Funds |
|---|---|---|---|--|
| Head Start and Early Head Start | <p>\$2.1 billion</p> <ul style="list-style-type: none"> ● \$1 billion will run through the regular funding formula for expansion of Head Start and Early Head Start and include mandatory set-asides for the territories, training and technical assistance, monitoring, quality, expansion of Seasonal and Migrant Head Start and American Indians and Alaskan Natives, cost of living adjustments, one-time start-up grants for state early learning councils. ● \$1.1 billion is also specifically designated for expansion of Early Head Start. Of this amount, up to 10% is available for training and technical assistance and up to 3% for monitoring purposes. | <p>Of the \$1 billion:</p> <ul style="list-style-type: none"> ● \$550 million will become available on enactment, with awards to grantees made within 90 days and an additional 30 day extension allowed for new grants. ● \$550 million will become available on October 1, 2009. <p>Of the \$1.1 billion:</p> <ul style="list-style-type: none"> ● No set timeframes are specified for awarding grants under this provision. | <p>\$2.1 billion</p> <ul style="list-style-type: none"> ● \$1 billion will run through the regular funding formula for expansion of Head Start and Early Head Start and include mandatory set-asides for the territories, training and technical assistance, monitoring, quality, expansion of Seasonal and Migrant Head Start and American Indians and Alaskan Natives, cost of living adjustments, one-time start-up grants for state early learning councils. ● \$1.1 billion is also specifically designated for expansion of Early Head Start. Of this amount, up to 10% is available for training and technical assistance and up to 3% for monitoring purposes. | <p>Funds are available through September 30, 2010.</p> |
| Child Care and Development Block Grant | <p>\$2 billion will run through the regular funding formula and include mandatory targeted funds for the territories and tribes, quality of care, training and technical assistance, research and evaluation, administrative costs, and quality expansion, quality of infant and toddler care, and quality of school-age care.</p> | <ul style="list-style-type: none"> ● \$1 billion will become available within 30 days of enactment. ● \$1 billion will become available on October 1, 2009. ● No state match is required. ● States must obligate their funds within two years and spend them within three years. | <p>\$2 billion</p> <ul style="list-style-type: none"> ● \$255.2 million is specifically targeted for quality improvements. <ul style="list-style-type: none"> ○ \$93.6 million of the \$255.2 million is specifically designated for improving the quality of infant-toddler care. ● Remaining funds will run through the regular funding formula and include mandatory targeted funds for the territories and tribes, quality of care, training and technical assistance, research and evaluation, administrative costs, and quality expansion, quality of infant and toddler care, and quality of school-age care. | <ul style="list-style-type: none"> ● Funds are available through September 30, 2010. ● No state match is required. ● States must obligate their funds within two years and spend them within three years. |

| Program | House Bill | Availability of Funds | Senate Bill | Availability of Funds |
|---------------------------------|---|--|--|---|
| Part C of IDEA | \$600 million | <ul style="list-style-type: none"> • \$300 million will be available July 1, 2009 through September 30, 2010. • \$300 million will be available July 1, 2010 through September 30, 2011. | \$500 million | Funds are available through September 30, 2010. |
| Title I Education Grants | \$13 billion <ul style="list-style-type: none"> • \$11 billion <ul style="list-style-type: none"> ○ \$5.5 billion for targeted grants. ○ \$5.5 billion for education finance incentive grants. ○ States can choose to use these funds on early childhood education programs for children 0-5. • \$2 billion for school improvement grants. | Half of the funding for each of the grants will be available July 1, 2009 through September 30, 2010 while the other half will be available July 1, 2010 through September 30, 2011. | \$13 billion <ul style="list-style-type: none"> • \$11 billion <ul style="list-style-type: none"> ○ \$5.5 billion for targeted grants. ○ \$5.5 billion for education finance incentive grants. ○ At least 15% of these funds must be spent on early childhood education programs for children 0-5. • \$2 billion for school improvement grants. | Funds are available through September 30, 2010. |
| School Modernization | \$14 billion <ul style="list-style-type: none"> • Funds are to be used to renovate, repair and build public schools. • Early learning facilities are <i>not</i> included in the allowable uses of funds. | <ul style="list-style-type: none"> • Funds are to be allocated to states within 30 days of enactment and states will have an additional 30 days to distribute their allocations to local educational agencies (LEAs). • LEAs must enter into contracts within 1 year of enactment in order to use 50% of funds and within 2 years of enactment to use the remaining funds. | \$16 billion <ul style="list-style-type: none"> • Funds are to be used to renovate, repair and build public schools. • This can include renovation of existing facilities to serve children under 5 years of age. | <ul style="list-style-type: none"> • Funds are available through September 30, 2010. • Funds are to be allocated to states within 60 days of enactment and states will have an additional 60 days to distribute their allocations to local educational agencies (LEAs). |

| Program | House Bill | Availability of Funds | Senate Bill | Availability of Funds |
|---|--|--|--|--|
| Neighborhood Stabilization | <p>\$4.19 billion</p> <ul style="list-style-type: none"> Funds are competitive grants for the development of abandoned and foreclosed homes. Funding may be awarded to states, local government, and nonprofit entities. The construction and rehabilitation of early childhood and development centers serving low-income households is <i>not</i> included in the allowable uses of funds. | Funds for competitive grants must be awarded within 90 days of enactment. | <p>\$2.25 billion</p> <ul style="list-style-type: none"> Funds are competitive grants for the development of abandoned and foreclosed homes. Funding may be awarded to states, local government, and nonprofit entities. Funds may be used to construct or rehabilitate early childhood and development centers serving low-income households. | <ul style="list-style-type: none"> Funds must be awarded within one year of enactment. Grantees must expend at least 75% of funds within 2 years of the date funds become available and 100% within 3 years. |
| State Fiscal Stabilization Fund for Restoration of Education | <p>\$39 billion</p> <ul style="list-style-type: none"> Funds must be used to support elementary, secondary and postsecondary education Early childhood education programs and services are <i>not</i> included in the allowable uses of funds. | <ul style="list-style-type: none"> \$19.5 billion will be available July 1, 2009 through September 30, 2010. \$19.5 billion will be available July 1, 2010 through September 30, 2011. | <p>\$39 billion</p> <ul style="list-style-type: none"> Funds must be used to support elementary, secondary and postsecondary education, and as applicable early childhood education programs and services. | <ul style="list-style-type: none"> Funds are available through September 30, 2010. Funds not obligated within 1 year of receiving a grant must be returned. |