



# Early Childhood Care and Education Programs: Background and Funding

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## Summary

Federal support for child care and education comes in many forms, ranging from grant programs to tax provisions. Some programs serve as specifically dedicated funding sources for child care services (e.g., the Child Care and Development Block Grant, or CCDBG) or education programs (e.g., the Preschool Grants Program and Infants and Toddlers Program funded under the Individuals with Disabilities Education Act, or IDEA). For other programs (e.g., Temporary Assistance for Needy Families, or TANF), child care is just one of many purposes for which funds may be used. In many cases, federal programs target low-income families in need of child care, but in the case of certain tax provisions, the benefits reach middle- and upper-income families as well.

This report provides a funding overview and brief background information on federal child care, early education, and related programs (and tax provisions). The report begins with an update on funding developments for FY2013 (including congressional actions on annual and supplemental appropriations, possible sequestration, and the President's budget request) and a summary of final funding levels for FY2012. The report concludes with a six-year funding history and brief descriptions for each of the early childhood programs and tax provisions discussed throughout.

Funding for many child care, early education, and related programs is provided each year as part of the annual appropriations process for the Departments of Health and Human Services (HHS) and Education (ED). (Note that certain early childhood programs and tax provisions receive funding separate from the annual appropriations process.) For FY2013, funding for annually appropriated programs has been provided—through March 27, 2013—by a government-wide continuing resolution (P.L. 112-175), which generally maintains funding for discretionary programs at their FY2012 rates, plus 0.612%. For FY2012, funding for most of these programs was included in the Consolidated Appropriations Act, 2012 (P.L. 112-74). Compared to FY2011, the FY2012 appropriations law provided increases for some early childhood programs, such as the discretionary CCDBG, Head Start, and IDEA Grants for Infants and Families.

Several early childhood care and education programs have funding authorizations that have already expired or are due to expire soon. The Child Care and Development Block Grant Act, for instance, expired in FY2002. However, the discretionary CCDBG has continued to be funded through annual appropriations laws. The authorization for many programs in the No Child Left Behind Act expired at the end of FY2008, but these programs have likewise continued to receive funding. Mandatory child care and basic TANF grants are also due for reauthorization in the 113<sup>th</sup> Congress, but have been temporarily extended through March 2013 by P.L. 112-175.

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## Introduction

Several federal programs support child care, education, or related services, primarily for low-income working families. In addition, the tax code includes provisions specifically designed to assist families with child care expenses. This report includes an update on funding developments for FY2013 (see **Table 1**) and a summary of final FY2012 funding levels (see **Table 2**) for a selection of these early childhood care and education programs. The report also provides a six-year funding history (see **Table 3**) and brief descriptions for these programs and related tax provisions. In many cases, other Congressional Research Service (CRS) reports are referenced as sources for more detailed information about individual programs.

Early childhood care and education programs due to be reauthorized in the 113<sup>th</sup> Congress include the Child Care and Development Block Grant (CCDBG) and Head Start, as well as programs under the No Child Left Behind Act (NCLB) and the Individuals with Disabilities Education Act (IDEA). The NCLB programs include those funded under the Elementary and Secondary Education Act (ESEA) Title I, Part A. The IDEA programs include the Infants and Families program, but not the Preschool Grants program. In addition, mandatory child care and the Temporary Assistance for Needy Families (TANF) block grant are also due for reauthorization.

## FY2013 Funding

### Proposed Supplemental Appropriations

On December 7, 2012, the Obama Administration submitted a request to Congress for disaster relief funding to support states affected by Hurricane Sandy. As part of this request, the Administration called for Congress to provide supplemental appropriations for two funding streams related to early childhood care and education: the Social Services Block Grant (\$500 million) and Head Start (\$100 million).<sup>1</sup> On December 28, 2012, the Senate approved both of these requests as part of a larger disaster supplemental package (introduced as an amendment to H.R. 1).<sup>2</sup> However, the House took no action on this bill, as amended by the Senate, prior to the end of the 112th Congress.<sup>3</sup> A press release on the draft Senate bill indicated that the Social Services Block Grant (SSBG) funds were expected to be used primarily for child care costs (including construction and renovation of child care centers), as well as health and mental health services for affected children and families, while the Head Start funds were expected to support approximately 265 Head Start centers damaged by the hurricane.<sup>4</sup>

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<sup>1</sup> Office of Management and Budget, *Hurricane Sandy Funding Needs*, Washington, DC, December 7, 2012, pp. 15-16, [http://www.whitehouse.gov/sites/default/files/supplemental\\_\\_december\\_7\\_2012\\_hurricane\\_sandy\\_funding\\_needs.pdf](http://www.whitehouse.gov/sites/default/files/supplemental__december_7_2012_hurricane_sandy_funding_needs.pdf).

<sup>2</sup> H.R. 1 as amended by the Senate, pp. 76-79.

<sup>3</sup> For more information on proposed FY2013 supplemental funding for disaster relief, see CRS Report R42869, *FY2013 Supplemental Funding for Disaster Relief: Summary and Considerations for Congress*, coordinated by William L. Painter and Jared T. Brown.

<sup>4</sup> Senate Appropriations Committee, "Summary: Fiscal Year 2013 Disaster Assistance Supplemental," press release, December 12, 2012, p. 7, <http://www.appropriations.senate.gov/news.cfm>.

## Continuing Resolution

Congress did not enact full-year appropriations prior to the beginning of FY2013. However, FY2013 funding for annually appropriated programs (including early childhood care and education programs) has been provided—through March 27, 2013—by a government-wide continuing resolution (CR). The CR (H.J.Res. 117) was signed into law (P.L. 112-175) on September 28, 2012, and generally maintains funding for discretionary programs at their FY2012 rates, plus 0.612%. The CR also maintains mandatory funding for annually appropriated entitlements (e.g., the Child and Adult Care Food Program) at their current law levels. In addition, the CR included a special provision extending TANF and mandatory child care funding at FY2012 levels through March 2013 (these programs are typically funded outside of the annual appropriations process).

## Preliminary Congressional Action on Full-Year Appropriations

Before enacting the FY2013 CR, both the House and Senate had initiated actions on FY2013 appropriations bills for the Departments of Labor, Health and Human Services, and Education, and Related Agencies (L-HHS-ED). The L-HHS-ED appropriations bill provides annual funding for many of the early childhood care and education programs discussed in this report.

The Senate Appropriations L-HHS-ED Subcommittee approved a draft FY2013 bill for full committee consideration on June 12, 2012. Two days later, the Senate Appropriations Committee reported its FY2013 L-HHS-ED bill (S. 3295, S.Rept. 112-176), on June 14, 2012. The bill called for increases, compared to FY2012 for several early childhood programs, including discretionary funding for the CCDBG (+7%), Head Start (+1%), IDEA Grants for Infants and Families (+5%), and Promise Neighborhoods (+34%). For more details, see **Table 1**.

The House Appropriations L-HHS-ED Subcommittee approved a draft FY2013 L-HHS-ED bill on July 18, 2012. However, the bill was not marked up by the full committee and a detailed table on programs that would be funded by the bill has not been made publicly available. Because no formal bill was reported and funding levels for all programs are not publicly available, this report does not include program-level detail on the House L-HHS-ED Subcommittee action.

## Possible FY2013 Sequestration

Readers should note that FY2013 appropriations may be affected by automatic budget reduction procedures (known as “sequestration”) authorized by the Budget Control Act of 2011 (BCA, P.L. 112-25) and the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177), as amended by the American Taxpayer Relief Act of 2012 (P.L. 112-240). The BCA, which was signed into law on August 2, 2011, established a Joint Select Committee on Deficit Reduction, charged with the task of achieving at least \$1.2 trillion in deficit reduction over FY2012-FY2021.<sup>5</sup> The Joint Committee did not achieve this goal, triggering an automatic budget reduction process, or sequestration, which the BCA scheduled to begin on January 2, 2013.

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<sup>5</sup> For a comprehensive discussion of the BCA, see CRS Report R41965, *The Budget Control Act of 2011*, by Bill Heniff Jr., Elizabeth Rybicki, and Shannon M. Mahan.

However, the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013, postponed the required sequestration until March 1, 2013. At that time, under current law, the Office of Management and Budget (OMB) is scheduled to cancel (i.e., sequester) a certain amount of budgetary resources available for FY2013 by reducing non-exempt programs, projects, and activities by a uniform percentage. OMB will determine what this percentage must be, based on funding in place at that time, as well as the terms specified by the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the BCA and the American Taxpayer Relief Act of 2012.

To address some of the uncertainty surrounding sequestration, Congress passed the Sequestration Transparency Act of 2012 (P.L. 112-155), which was signed into law on August 7, 2012. This law required the President, with the assistance of OMB and federal agencies, in consultation with the House and Senate Appropriations Committees, to submit a report containing an estimate of the uniform percentage reduction and dollar amount reductions for each account, and each program, project, and activity within those accounts, required under the impending sequestration (which, at that time, was scheduled to occur on January 2, 2013).

OMB released the sequester preview report on September 14, 2012.<sup>6</sup> Using certain assumptions required by the Sequestration Transparency Act, OMB estimated that the sequestration would result in an 8.2% reduction in “non-exempt nondefense discretionary” funding and a 7.6% reduction to most “non-exempt nondefense mandatory” programs.<sup>7</sup> The report also identified certain accounts that would be exempt from sequestration (e.g., mandatory child care, most TANF funds) or subject to special rules. However, the majority of early childhood care and education programs include at least some non-exempt funding which would be sequestered under current law. Notably, the estimates and classifications presented in OMB’s report are preliminary and are based, in part, on assumptions specified by the Sequestration Transparency Act.<sup>8</sup> As OMB notes in the sequester preview report, these estimates are expected to differ at the time of an actual sequester, based on “changes in law and ongoing legal, budgetary, and technical analysis.” Thus, the percent and dollar reductions estimated in the preview report should be considered illustrative only; they will be revised in the event of an actual sequester based on OMB’s interpretation of current law and the funding levels in place at that time.

## **FY2013 President’s Budget**

The Obama Administration released its FY2013 request on February 13, 2012. As **Table 1** shows, the FY2013 President’s Budget called for increases over FY2012 funding levels for several existing programs, including the CCDBG (+16% of combined mandatory and discretionary funds), Head Start (+1%), IDEA Grants for Infants and Families (+5%), and Promise Neighborhoods (+67%). The Administration’s budget also requested an increase for ED’s Race to

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<sup>6</sup> OMB Report Pursuant to the Sequestration Transparency Act of 2012 (P.L. 112-155), September 14, 2012, [http://www.whitehouse.gov/sites/default/files/omb/assets/legislative\\_reports/stareport.pdf](http://www.whitehouse.gov/sites/default/files/omb/assets/legislative_reports/stareport.pdf).

<sup>7</sup> *Ibid*, p. 1.

<sup>8</sup> For instance, the Sequestration Transparency Act stipulated that, in the absence of enacted regular appropriations bills, the estimates in the sequester preview report should be based on the assumption that discretionary appropriations for FY2013 would be funded at the same rate of operations as FY2012. However, the FY2013 CR (P.L. 112-175) included an across-the-board increase of 0.612% for most discretionary programs, along with other anomalies. Thus, the percent and dollar reductions estimated in the OMB report will need to be revised should the higher CR funding level be in place at the time of a sequester.

the Top (RTT) program (+55%), though it did not specify how much of the RTT funding would be dedicated toward early learning.<sup>9</sup> The FY2013 budget also called for an expansion of the Dependent Care Tax Credit, though the full effects of this would not be seen until FY2014.

**Table I. Status of FY2013 Appropriations for Selected Early Childhood Care and Education Programs, Compared to the Obama Administration’s FY2013 Budget Request and FY2012 Enacted Funding Levels**

(dollars in millions)

Program (Federal Admin. Agency)	FY2012 Enacted <sup>a</sup>	FY2013 Request	FY2013 Senate Appropriations Committee Bill (S. 3295 in the 112 <sup>th</sup> Congress)
CCDBG—discretionary portion (HHS)	2,278	2,927	2,438
CCDBG—mandatory portion (HHS)	2,917	3,417	b
Social Services Block Grant (HHS) <sup>c</sup>	1,700	1,700	1,700
Head Start (HHS)	7,969	8,054	8,039
IDEA Infants and Families (ED)	443	463	463
IDEA Preschool Grants (ED)	373	373	373
Child Care Access Means Parents in School (ED)	16	16	16
Promise Neighborhoods (ED)	60	100	80
Race to the Top (ED) <sup>d</sup>	549	850	549

**Source:** Prepared by the Congressional Research Service (CRS).

**Notes:** This table does not include estimates for related early childhood tax provisions, nor does it include funding levels for pre-appropriated mandatory programs (e.g., Temporary Assistance for Needy Families, home visitation), with the exception of mandatory child care, which is shown here to display the Administration’s proposed increase for FY2013. Note that the Elementary and Secondary Education Act (ESEA) Title I, Part A (ED) is not included here because it primarily serves school-age disadvantaged children, and because reliable data on expenditures for preschoolers are not available. However, the U.S. Department of Education has estimated that approximately 2% of Title I, Part A funds are used to support preschool services. These preschool services are not separately funded under Title I, Part A, but rather are spent for this purpose at the discretion of local educational agencies (LEAs). Preschool spending data are not collected. The Obama Administration’s FY2013 budget requested a total of \$14.52 billion for ESEA, Title I, Part A funding for FY2013, the same amount that was provided in FY2012. The FY2013 Senate Appropriations Committee-reported bill (S. 3295 in the 112<sup>th</sup> Congress) called for \$14.62 billion for ESEA, Title I, Part A.

- a. Discretionary funds in this column reflect the 0.189% across-the-board rescission required by P.L. 112-74.
- b. Mandatory child care funding is not typically provided in the annual appropriations process, but rather through direct appropriations in authorizing laws. No mandatory child care funding was included in S. 3295.
- c. The funding shown here does not include the \$85 million in mandatory funding for Health Profession Opportunity Grants that was pre-appropriated for each of FY2010 to FY2014 in the Patient Protection and

<sup>9</sup> ED first reserved a portion of its RTT funding for early learning challenge grants to states in FY2011, when the annual appropriations law (P.L. 112-10) gave ED the authority to do so (see §1832). The report language (H.Rept. 112-331) accompanying the FY2012 appropriations law (P.L. 112-74) indicated an expectation that the RTT will continue to include a “robust” early childhood component and the FY2013 President’s budget indicates an intention to continue to support early learning activities with the RTT.



- Affordable Care Act (ACA, P.L. 111-148). These grants are authorized within Title XX-A of the Social Security Act (see Section 2008), which also authorizes the SSBG (see Section 2001).
- d. The report language (H.Rept. 112-331) accompanying the FY2012 appropriations law (P.L. 112-74) expressed an expectation that the FY2012 RTT competition would include a “robust” early childhood component, but did not reserve a dollar amount for these activities. Ultimately, ED reserved \$133 million for RTT-Early Learning Challenge (RTT-ELC) grants in FY2012. Similarly, the FY2013 President’s budget and the report on the Senate Appropriations Committee-approved bill called for some portion of the requested FY2013 RTT funding (dollar amounts not specified) to be used to support the RTT-ELC.

## FY2012 Funding

### FY2012 Appropriations

On December 23, 2011, President Obama signed into law the Consolidated Appropriations Act, 2012 (H.R. 2055, H.Rept. 112-331, P.L. 112-74). Division F of this law provided FY2012 funding for the Departments of Labor, Health and Human Services, and Education (L-HHS-ED) and included an across-the-board rescission of 0.189% for most discretionary L-HHS-ED programs.<sup>10</sup> As **Table 2** shows, compared to FY2011, the FY2012 appropriations law provided increases in funding for the discretionary CCDBG (+3%), Head Start (+5%), and IDEA Grants for Infants and Families (+1%). The law provided a reduced level of funding for ED’s Race to the Top program (-21%), but the report language (H.Rept. 112-331) accompanying the law expressed an expectation that the FY2012 RTT program would include a “robust” early childhood component.

Prior to the enactment of the FY2012 Consolidated Appropriations Act (P.L. 112-74), temporary funding for these early childhood care and education programs had been provided by three short-term continuing resolutions (P.L. 112-33, P.L. 112-36, and P.L. 112-55). Before the passage of the first FY2012 continuing resolution (CR), the House and Senate had initiated the FY2012 L-HHS-ED appropriations process. On September 29, 2011, a bill was introduced in the House to provide year-long FY2012 L-HHS-ED appropriations (H.R. 3070). This bill would have maintained level funding for most of the early childhood programs discussed in this report, though it would have provided an increase for Head Start and would have eliminated all RTT funding. On September 21, 2011, the Senate Committee on Appropriations reported its bill to provide year-long FY2012 L-HHS-ED appropriations (S. 1599, S.Rept. 112-84). This bill would have maintained level funding for most early childhood programs, but would have provided increases to Head Start and IDEA Grants for Infants and Families (see **Table 2**).

Separate from the annual appropriations process, funding for Temporary Assistance for Needy Families (TANF) and the mandatory portion of the CCDBG was most recently extended—and directly appropriated—by the Middle Class Tax Relief and Job Creation Act of 2012 (H.R. 3630, P.L. 112-96, H.Rept. 112-399). This law provided level funding for these programs through the end of FY2012 (September 30, 2012).<sup>11</sup>

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<sup>10</sup> Most of the annually appropriated early childhood care and education programs discussed in this report are funded via the L-HHS-ED appropriations process. An exception is the Child and Adult Care Food Program (CACFP), which is funded via the Agriculture and Related Agencies appropriations process (P.L. 112-55 for FY2012).

<sup>11</sup> While this law maintains basic TANF funding at the \$16.5 billion level, it does not provide FY2012 funding for TANF “supplemental grants.” For FY2001 to FY2010, TANF supplemental grants were funded at \$319 million per year. For FY2011, TANF supplemental grants were funded at \$211 million and expired on June 30, 2011. For additional information on this and other TANF-related provisions in P.L. 112-96, see CRS Report R41781, *The* (continued...)

## FY2012 President's Budget

The Obama Administration released its FY2012 request on February 14, 2011, before funding for FY2011 had been finalized. Compared to final FY2011 funding levels, however, the FY2012 request would have increased funding for several existing programs, including the CCDBG (+23% of combined mandatory and discretionary funds), Head Start (+7%), IDEA Grants for Infants and Families (+12%), and Promise Neighborhoods (+401%). The FY2012 budget also called for an expansion of the Dependent Care Tax Credit, though the effects of this would likely not be seen until FY2013.

In addition, the FY2012 budget requested \$350 million for a new Early Learning Challenge Fund. The Obama Administration had previously requested funding for an Early Learning Challenge Fund in the FY2010 and FY2011 President's budgets.<sup>12</sup> The proposed Early Learning Challenge Fund was to provide discretionary competitive grants to states to improve the standards and quality of early learning programs serving children from birth to age five. (As **Table 2** shows, the proposed stand-alone Early Learning Challenge Fund has not been enacted; however, Congress has supported an "early learning challenge" component of the Race to the Top program, beginning in FY2011.)

**Table 2. FY2012 Funding for Selected Early Childhood Care and Education Programs, Compared to FY2011 Funding Levels**

(dollars in millions)

Program (Federal Admin. Agency)	FY2011 Enacted <sup>a</sup>	FY2012 Request	FY2012 House (H.R. 3070)	FY2012 Senate (S. 1599)	FY2012 Enacted <sup>b</sup>
CCDBG—discretionary portion (HHS)	2,223	2,927	2,223	2,223	2,278
CCDBG—mandatory portion (HHS)	2,917	3,417	n/a	n/a	2,917
Social Services Block Grant (HHS) <sup>c</sup>	1,700	1,700	1,700	1,700	1,700
Head Start (HHS)	7,560	8,100	8,100	7,900	7,969
IDEA Infants and Families (ED)	439	489	439	444	443
IDEA Preschool Grants (ED)	373	374	373	373	373
Child Care Access Means Parents in School (ED)	16	16	16	16	16
Promise Neighborhoods (ED)	30	150	0	60	60
Race to the Top (ED)	699 <sup>d</sup>	900 <sup>e</sup>	0	699 <sup>f</sup>	549 <sup>f</sup>
Early Learning Challenge Fund (ED)— <i>proposed stand-alone program</i>	0	350 <sup>e</sup>	0	0	0

**Source:** Prepared by the Congressional Research Service (CRS).

**Notes:** The notation "n/a" means not applicable (for the mandatory portion of the CCDBG, this is because funding is not provided through the annual appropriations process). The table does not include estimates for related early childhood tax provisions, nor does it include funding levels for pre-appropriated mandatory

(...continued)

*Temporary Assistance for Needy Families (TANF) Block Grant: Issues for the 112<sup>th</sup> Congress*, by Gene Falk.

<sup>12</sup> During the 111<sup>th</sup> Congress, the House passed legislation in H.R. 3221, The Student Aid and Fiscal Responsibility Act, that would have enacted this proposal, but the program was not included in the final (enacted) version of the bill.

programs (e.g., Temporary Assistance for Needy Families, home visitation), with the exception of mandatory child care, which is shown here to display the proposed increase. Note that the Elementary and Secondary Education Act (ESEA) Title I, Part A (ED) is not included here because it primarily serves school-age disadvantaged children, and because reliable data on expenditures for preschoolers are not available. However, the U.S. Department of Education has estimated that approximately 2% of Title I, Part A funds are used to support preschool services. These preschool services are not separately funded under Title I, Part A, but rather are spent for this purpose at the discretion of local educational agencies (LEAs). Preschool spending data are not collected. In FY2012, ED received \$14.52 billion for ESEA, Title I, Part A.

- a. Discretionary funds in this column reflect the 0.2% across-the-board rescission required by P.L. 112-10.
- b. Discretionary funds in this column reflect the 0.189% across-the-board rescission required by P.L. 112-74.
- c. The funding shown here does not include the \$85 million in mandatory funding for Health Profession Opportunity Grants that was pre-appropriated for each of FY2010 to FY2014 in the Patient Protection and Affordable Care Act (ACA, P.L. 111-148). These grants are authorized within Title XX-A of the Social Security Act (see Section 2008), which also authorizes the SSBG (see Section 2001).
- d. The final CR for FY2011 (P.L. 112-10) gave ED new authority to reserve a portion of its FY2011 Race to the Top funding for competitive grants to states for the improvement of early childhood care and education. ED used this authority to reserve \$500 million for RTT “early learning challenge” grants.
- e. The FY2012 President’s budget was released before the final FY2011 CR was enacted. It requested \$350 million for a stand-alone Early Learning Challenge Fund. Separately, the FY2012 budget requested \$900 million for the RTT. While the RTT request did not indicate that a significant portion of these funds would be used to support early learning, the request materials did indicate that ED was considering the idea of making the improvement of early learning outcomes a priority in the proposed FY2012 RTT competition.
- f. The report language accompanying both the proposed Senate bill for FY2012 (S.Rept. 112-84, S. 1599) and the enacted FY2012 appropriations law (H.Rept. 112-331, P.L. 112-74) expressed an expectation that the FY2012 RTT competition would include a “robust” early childhood component. However, neither specified an amount that should be reserved for these activities.

## Overview of Federal Early Childhood Care and Education Programs and Related Tax Provisions

**Table 3** provides historical funding levels for selected early childhood care and education programs (and related tax provisions) from FY2007 through FY2012 (the most recent year for which full-year funding has been appropriated). The table is followed by brief descriptions of these programs and provisions, highlighting the breadth of variation in purpose, target population, and funding for these early childhood initiatives. This section concludes with a brief summary of certain early childhood programs that were funded in the recent past, but do not currently receive federal funding.

**Table 3. Funding for Selected Federal Early Childhood Care, Education, and Related Programs, FY2007-FY2012**

(nominal dollars in millions)

Program/Provision (Federal Admin. Agency)	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
<b>Programs</b>						
CCDBG—discretionary portion (HHS)	2,062	2,062 <sup>a</sup>	2,127 <sup>b</sup>	2,127	2,223 <sup>c</sup>	2,278 <sup>d</sup>

<b>Program/Provision (Federal Admin. Agency)</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>	<b>FY2011</b>	<b>FY2012</b>
CCDBG— mandatory portion (HHS)	2,917 <sup>e</sup>	2,917 <sup>e</sup>	2,917 <sup>e</sup>	2,917 <sup>e</sup>	2,917 <sup>e</sup>	2,917 <sup>e</sup>
TANF (HHS)	f	f	f	f	f	f
Child and Adult Care Food (USDA)	2,172 <sup>g</sup>	2,245 <sup>g</sup>	2,452 <sup>g</sup>	2,543 <sup>g</sup>	2,732 <sup>g</sup>	2,758 <sup>g</sup>
Social Services Block Grant (HHS)	1,700 <sup>h</sup>	1,700 <sup>hi</sup>	1,700 <sup>h</sup>	1,700 <sup>i</sup>	1,700 <sup>i</sup>	1,700 <sup>i</sup>
Head Start (HHS)	6,888 <sup>k</sup>	6,878 <sup>al</sup>	7,113 <sup>m</sup>	7,234 <sup>n</sup>	7,560 <sup>c</sup>	7,969 <sup>d</sup>
Maternal, Infant, and Early Childhood Home Visiting Program (HHS)	n/a	n/a	n/a	100 <sup>o</sup>	250 <sup>o</sup>	350 <sup>o</sup>
Early Reading First (ED)	118 <sup>p</sup>	113 <sup>a</sup>	113	0 <sup>c</sup>	0	0
Even Start (ED)	82 <sup>q</sup>	66 <sup>a</sup>	66	66	0	0
Early Childhood Educator Professional Development Program (ED)	15 <sup>q</sup>	0	0	0	0	0
IDEA Infants and Families (ED)	436 <sup>q</sup>	436 <sup>a</sup>	439 <sup>r</sup>	439	439 <sup>c</sup>	443 <sup>d</sup>
IDEA Preschool Grants (ED)	381 <sup>q</sup>	374 <sup>a</sup>	374 <sup>s</sup>	374	373 <sup>c</sup>	373 <sup>d</sup>
Child Care Access Means Parents in School (ED)	16 <sup>q</sup>	16 <sup>a</sup>	16	16	16 <sup>c</sup>	16 <sup>d</sup>
Promise Neighborhoods (ED)	n/a	n/a	n/a	10	30 <sup>c</sup>	60 <sup>d</sup>
Race to the Top (ED)	n/a	n/a	u	0	699 <sup>cv</sup>	549 <sup>dw</sup>
<b>Tax Provisions</b>						
Dependent Care Tax Credit (Treasury) <sup>x</sup>	3,487	3,020	4,330	3,470	4,200	3,400
Dependent Care Assistance Program (Treasury) <sup>x</sup>	1,170	940	770	1,210	840	1,350

**Source:** Prepared by the Congressional Research Service (CRS).

**Notes:** The notation “n/a” means not applicable (e.g., the Maternal, Infant, and Early Childhood Home Visiting Program did not exist prior to the enactment of health reform legislation in March 2010). This table displays only those selected early childhood care and education programs or tax provisions that received funding (in at least one year) between FY2007 and FY2012. Also of note, the Elementary and Secondary Education Act (ESEA) Title I, Part A (ED) is not included here because it primarily serves school-age disadvantaged children, and because reliable data on expenditures for preschoolers are not available. However, the U.S. Department of Education has estimated that approximately 2% of Title I, Part A funds are used to support preschool services. These preschool services are not separately funded under Title I, Part A, but rather are spent for this purpose at the discretion of local educational agencies (LEAs). Preschool spending data are not collected. Total ESEA Title I, Part A funding was \$14.52 billion in FY2012, \$14.44 billion in FY2011, \$14.49 billion in FY2010, \$14.49 billion in FY2009, \$14.03 billion in FY2008, and \$12.84 billion in FY2007.

- a. This FY2008 amount reflects the 1.747% across-the-board rescission required by P.L. 110-161.
- b. In addition to the \$2.127 billion appropriated in the FY2009 Omnibus Appropriations Act (P.L. 111-8), the American Recovery and Reinvestment Act (ARRA, P.L. 111-5) provided an additional \$2.0 billion in discretionary funding for the CCDBG.

- c. This FY2011 amount reflects the 0.2% across-the-board rescission required by P.L. 112-10.
- d. This FY2012 amount reflects the 0.189% across-the-board rescission required by P.L. 112-74.
- e. P.L. 109-171 provided \$2.917 billion for mandatory child care funding in each of FY2006-FY2010. Funding for FY2011 and FY2012 has been provided through temporary extensions, most recently P.L. 112-96.
- f. P.L. 109-171 provided basic TANF funding (\$16.5 billion annually) in each of FY2006-FY2010. Funding for FY2011 and FY2012 has been provided through temporary extensions, most recently P.L. 112-96. TANF funds may be used for child care, but are not specifically appropriated as such. HHS reported that states spent \$1.4 billion in federal TANF funds for child care within the TANF program in FY2010 (the most recent data available). In addition, states transferred \$1.4 billion of their FY2010 TANF allotments to the CCDBG. For more information on TANF in the FY2011 budget, see CRS Report RL32760, *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*, by Gene Falk.
- g. The amounts shown for FY2007-FY2011 are actual obligations, as reported in subsequent President's budgets (e.g., FY2011 actuals are from the Analytical Perspectives volume of the FY2013 President's budget). The amount shown for FY2012 reflects estimated obligations, as reported in the FY2013 request.
- h. Total SSBG appropriation amount shown (excluding supplementals), though not all SSBG funds go toward early childhood care and education activities. In FY2009 (the most recent expenditure data available), \$391 million in SSBG expenditures went toward child care services. In FY2008, the comparable figure was \$369 million. In FY2007, it was \$389 million.
- i. In addition to the \$1.7 billion appropriated in the Consolidated Appropriations Act of 2008 (P.L. 110-161), the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 (P.L. 110-329) provided \$600 million in supplemental SSBG funds, specifically targeted toward needs arising from major disasters of 2008 as well as Hurricanes Katrina and Rita.
- j. The funding shown for FY2010-FY2012 does not include the \$85 million in mandatory funding for Health Profession Opportunity Grants that was pre-appropriated for each of FY2010 to FY2014 in the Patient Protection and Affordable Care Act (ACA, P.L. 111-148). These grants are authorized within Title XX-A of the Social Security Act (see Section 2008), which also authorizes the SSBG (see Section 2001), but are not targeted toward early childhood care and education activities.
- k. Of the \$6.888 billion, \$1.365 billion became available in FY2008.
- l. Of the \$6.878, \$1.389 billion became available in FY2009.
- m. In addition to the \$7.113 billion appropriated in the FY2009 Omnibus Appropriations Act (P.L. 111-8), ARRA (P.L. 111-5) provided an additional \$2.1 billion for Head Start (of which \$1.1 billion was explicitly directed toward Early Head Start expansion). The FY2009 Omnibus (P.L. 111-8) did not continue the previous practice of providing advance appropriations for the next fiscal year in the Head Start appropriation (meaning that the full \$7.113 billion in the Omnibus needed to be obligated in FY2009).
- n. This figure reflects the fact that the Secretary of HHS invoked her 1% transfer authority (per section 206 of Title II of the Consolidated Appropriations Act of 2010) to transfer a portion of the FY2010 Head Start appropriation (\$1.103 million, or roughly 0.02%) to the Health Resources and Services Administration (HRSA) in FY2010.
- o. Health reform legislation (P.L. 111-148) directly appropriated annual funding for each of FY2010-FY2015 (\$100 million for FY2010, \$250 million for FY2011, \$350 million for FY2012, and \$400 million for each of FY2013 and FY2014) for this newly authorized program.
- p. Figures taken from the Department of Education table showing "FY2007 CR Operating levels." The fourth and final continuing resolution (CR) making appropriations for FY2007 was enacted February 15, 2007 (P.L. 110-5).
- q. Figure taken from the Department of Education FY2008 Budget Justification.
- r. In addition to the \$439 million appropriated in the FY2009 Omnibus Appropriations Act (P.L. 111-8), ARRA (P.L. 111-5) provided an additional \$500 million for IDEA programs for infants and families.
- s. In addition to the \$374 million appropriated in the FY2009 Omnibus Appropriations Act (P.L. 111-8), ARRA (P.L. 111-5) provided an additional \$400 million for IDEA preschool grants.
- t. The FY2010 Consolidated Appropriations Act eliminated funding for the Early Reading First program to instead focus on expanding the Striving Readers program to serve children from preschool through high

- school. In FY2010, Striving Readers received \$250 million for the expanded program, an increase of roughly \$215 million compared to FY2009. Of the total amount appropriated, about 15% (or \$37.5 million) was to be targeted to children from birth to age five.
- u. This program was first authorized and funded by Title XIV, Sec. 14006 of the American Recovery and Reinvestment Act (P.L. 111-5), which provided \$4.35 billion.
  - v. The final CR for FY2011 (P.L. 112-10) gave ED new authority to reserve a portion of its FY2011 Race to the Top funding for competitive grants to states for the improvement of early childhood care and education. ED used this authority to reserve \$500 million for RTT “early learning challenge” grants.
  - w. The report language (H.Rept. 112-331) accompanying the FY2012 appropriations law (P.L. 112-74) expressed an expectation that the FY2012 RTT competition would include a “robust” early childhood component, but it is not yet clear what this will look like.
  - x. Amounts reflect estimates provided in subsequent President’s budgets (e.g., DCTC = \$3.02 billion for tax year 2007 (FY2008), as reported in the FY2010 President’s budget; \$4.33 billion for tax year 2008 (FY2009), as reported in the FY2011 President’s budget; \$3.47 billion for tax year 2009 (FY2010), as reported in the FY2012 President’s budget; and \$4.20 billion for tax year 2010 (FY2011) and \$3.40 billion for tax year 2011 (FY2012), as reported in the FY2013 President’s budget).

## **Current Programs**

### **Child Care and Development Block Grant (CCDBG)**

The CCDBG is the primary source of federal grant funding dedicated to child care subsidies for low-income working families.<sup>13</sup> The CCDBG has two funding streams. Discretionary funding is authorized by the CCDBG Act of 1990, which is currently due for reauthorization. The CCDBG Act was last reauthorized (through the end of FY2002) and substantially expanded by the 1996 welfare reform law (P.L. 104-193). Although the authorization has expired, the CCDBG has continued to receive discretionary funding in each year since FY2002 through the annual appropriations process. Mandatory funding for the CCDBG is authorized by Section 418 of the Social Security Act, which is also due for reauthorization. Mandatory (or “entitlement”) CCDBG funding is typically pre-appropriated by authorizing statute (most recently P.L. 112-96) and is not generally part of the annual appropriations process.<sup>14</sup> In order to receive their full allotments from the mandatory CCDBG funding stream, states must meet maintenance-of-effort (MOE) and matching requirements; there are no such requirements attached to discretionary CCDBG allotments.<sup>15</sup>

At the federal level, these child care funding streams are jointly administered by HHS. The funds are allocated to states, according to a formula, and are used to subsidize the child care expenses of low-income working families with children under age 13. Federal law stipulates that eligible families are those with a family income below 85% of the state median income.<sup>16</sup> In practice, however, most states establish income eligibility levels below the federal threshold. Child care

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<sup>13</sup> For more information, see CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Karen E. Lynch.

<sup>14</sup> The combined mandatory and discretionary CCDBG funding streams are sometimes referred to as the Child Care and Development Fund (CCDF).

<sup>15</sup> For more detailed information on the CCDF financing structure and early spending trends (through FY2000), see CRS Report RL31274, *Child Care: Funding and Spending under Federal Block Grants*, by Melinda Gish.

<sup>16</sup> The law requires states to direct 70% of mandatory CCDBG funds toward welfare recipients working toward self-sufficiency or families at risk of welfare dependency. However, HHS has determined that all families with income falling below 85% of state median income can be categorized as “at risk.”

services are provided to families on a sliding fee scale basis and parents may choose to receive assistance through vouchers or certificates, which can be used with a provider of the parents' choice, including religious providers and relatives. In addition to supporting direct services for children, states must use at least 4% of their CCDBG funds (both mandatory and discretionary) to improve the quality and availability of child care.

States receiving CCDBG funds must establish child care licensing standards, although federal law does not dictate what these standards should be or what types of child care providers must be covered. In addition, states must have health and safety requirements applicable to all providers receiving CCDBG subsidies that address prevention and control of infectious diseases, building premises safety, and health and safety training for care givers. However, federal law does not dictate the specific contents of these requirements or how these requirements are to be enforced. No more than 5% of state allotments may be used for state administrative costs.

The final FY2011 CR (P.L. 112-10) provided \$2.223 billion in discretionary CCDBG funding, roughly \$96 million (+4%) more than the FY2010 funding level of \$2.127 billion.<sup>17</sup> In a break from recent annual appropriations, the final FY2011 CR eliminated a CCDBG set-aside for the Child Care Aware toll-free hotline (typically funded at \$1 million annually). Traditionally, Child Care Aware staffed this hotline with child care consumer education specialists, who would respond to questions from parents and child care providers about the elements of quality child care and how to locate child care programs in local communities.<sup>18</sup> The FY2012 appropriations law (P.L. 112-74) provided \$2.278 billion in discretionary CCDBG funding, roughly \$56 million (+3%) more than the FY2011 funding level.<sup>19</sup> Notably, the FY2012 law reserved roughly \$1 million for a "competitive grant" (i.e., not an earmark directly to Child Care Aware) for the operation of a national toll-free hotline and website for the dissemination of child care consumer education and to help parents access child care in their communities.

Mandatory (or "entitlement") CCDBG funding is typically pre-appropriated, and is not usually provided through the annual appropriations process. Beginning in FY2003 through FY2005, a series of funding extensions maintained mandatory child care funding at the FY2002 rate of \$2.717 billion annually. Funding for a longer, five-year period (FY2006-FY2010) was included in the Deficit Reduction Act of 2005, a budget spending reconciliation bill (S. 1932), which was signed into law (P.L. 109-171) on February 8, 2006. This law provided \$2.917 billion annually for each of FY2006-FY2010. Since FY2010, mandatory funding for child care has been provided through a series of short-term extensions, the most recent of which (P.L. 112-175) maintains mandatory child care funding at the same level through March 2013.

### **Temporary Assistance for Needy Families (TANF)**

TANF, created in the 1996 welfare reform law (P.L. 104-193), provides fixed block grants for state-designed programs of time-limited and work-conditioned aid to needy families with children.<sup>20</sup> The original legislation provided \$16.5 billion annually through FY2002, and after a

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<sup>17</sup> The FY2011 amount reflects the across-the-board rescission of 0.2% required by P.L. 112-10.

<sup>18</sup> For more information, visit the Child Care Aware website at <http://childcareaware.org/>.

<sup>19</sup> The FY2012 amount reflects the across-the-board rescission of 0.189% required by Division F of P.L. 112-74.

<sup>20</sup> For more information, see CRS Report R40946, *The Temporary Assistance for Needy Families Block Grant: An Introduction*, by Gene Falk. See also, CRS Report RL32760, *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*, by Gene Falk.

series of twelve temporary extensions, Congress included several TANF provisions (and mandatory child care funding) in its spending budget reconciliation bill (S. 1932), which was signed into law (P.L. 109-171) on February 8, 2006. The law maintained the TANF block grant at \$16.5 billion for FY2006-FY2010. Since then, funding for basic TANF grants has been provided through another series of extensions, the most recent of which (P.L. 112-175) maintains basic TANF funding at the same level through March 2013.<sup>21</sup>

Child care is one of many services for which states may use TANF funding. In FY2011 (the most recent year for which data are available), HHS reported that states spent about \$1.4 billion in federal TANF funds for child care within the TANF program, and \$2.6 billion in state TANF and separate state program (SSP) MOE funds.<sup>22</sup> In addition, states may transfer up to 30% of their TANF allotments to CCDF, to be spent according to the rules of the child care program (as opposed to TANF rules). The net transfer from the FY2011 TANF allotment to the CCDF totaled \$1.6 billion, representing about 9% of the FY2011 basic TANF allotment.<sup>23</sup>

### **Child and Adult Care Food Program (CACFP)**

The CACFP provides federal funds (and in some cases commodity foods) for meals and snacks served in licensed child care centers, family and group day care homes, and Head Start centers.<sup>24</sup> Child care providers that are exempt from state licensing requirements must comply with alternative state or federal standards. Children under age 12, migrant children under age 15, and children with disabilities of any age may participate, although most participants are preschoolers.<sup>25</sup> Subsidies provided to day care *centers*, including Head Start centers, vary according to the child's family income. Subsidies provided to family and group day care *homes* vary according to the care provider's income or the average income of the community in which the home is located. The CACFP is an annually appropriated open-ended entitlement, administered by the Department of Agriculture. Actual obligations came to \$2.732 billion in FY2011.<sup>26</sup> The Obama Administration's FY2013 budget estimated that CACFP obligations would reach \$2.758 billion in FY2012 and \$2.917 billion in FY2013.

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<sup>21</sup> While this law maintains basic TANF funding at the \$16.5 billion level, it does not provide funding for TANF "supplemental grants." For FY2001 to FY2010, TANF supplemental grants were funded at \$319 million per year. For FY2011, TANF supplemental grants were funded at \$211 million and expired on June 30, 2011. No funding was provided for TANF supplemental grants in FY2012. For additional information on this and other TANF-related provisions in P.L. 112-96, see CRS Report RL32760, *The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions*, by Gene Falk.

<sup>22</sup> For more information on states' use of TANF funds, see CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements*, by Gene Falk.

<sup>23</sup> FY2011 TANF financial data are available at <http://www.acf.hhs.gov/programs/ofa/resource/tanf-financial-data-fy-2011>.

<sup>24</sup> For background information on CACFP, see CRS Report R42353, *Domestic Food Assistance: Summary of Programs*, by Randy Alison Aussenberg and Kirsten J. Colello. For a summary of the CACFP provisions in the most recent reauthorization, see CRS Report R41354, *Child Nutrition and WIC Reauthorization: P.L. 111-296*, by Randy Alison Aussenberg.

<sup>25</sup> As the program name indicates, CACFP also serves adult day care providers. However, the vast majority of funding is spent on child care settings. In FY2012, roughly 96% of funds were used for child care and 4% for adult daycare.

<sup>26</sup> Office of Management and Budget (OMB), *Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2013*, February 2012, p. 306, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/spec.pdf>.



## **Social Services Block Grant (SSBG)**

The SSBG is an annually appropriated entitlement to states.<sup>27</sup> Permanently authorized by Title XX, Subtitle A, of the Social Security Act, the SSBG is a flexible source of funding that states use to support a wide variety of social services activities. States have broad discretion over the use of these funds. There are no federal income eligibility requirements, targeting provisions, service mandates, or matching requirements. In FY2009, the most recent year for which expenditure data are available, the largest expenditures for services under the SSBG were for child care, foster care services for children, and special services for the disabled. Approximately 14% of total SSBG expenditures (\$391 million) were for child care services in that year. The SSBG is a capped entitlement, and state allocations are based on relative population size.<sup>28</sup> It should be noted that although the SSBG has an entitlement ceiling, appropriations may not always abide by it. For example, the ceiling in FY2001 was \$1.7 billion; however, Congress appropriated \$1.725 billion for that year, despite the ceiling.

Base funding for the SSBG has been held steady at \$1.7 billion since FY2002.<sup>29</sup> (Since FY2001, annual appropriations acts have also included a provision stipulating that states may transfer up to 10% of their TANF block grants to the SSBG.<sup>30</sup>) However, during these years, Congress has twice provided supplemental funding to the SSBG to support states in responding to significant natural disasters. For instance, Congress appropriated \$600 million in supplemental SSBG funding for necessary expenses resulting from major disasters of 2008 as part of the disaster relief and recovery component of the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 (P.L. 110-329).<sup>31</sup> Previously, Congress had provided \$550 million to the SSBG in FY2006 as part of the Defense Appropriations Act (P.L. 109-148).<sup>32</sup> These supplemental funds were targeted toward needs arising from the Gulf Coast Hurricanes of 2005.

## **Head Start**

Head Start has provided comprehensive early childhood education and development services to low-income children since 1965.<sup>33</sup> The program seeks to promote school readiness by enhancing

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<sup>27</sup> For more information, see CRS Report 94-953, *Social Services Block Grant: Background and Funding*, by Karen E. Lynch.

<sup>28</sup> Grants to Puerto Rico, Guam, the Virgin Islands, and Northern Mariana Islands are based on their share of Title XX funds in FY1981, while grants to American Samoa are based on the relative size of their population compared to the population of the Northern Mariana Islands.

<sup>29</sup> Base funding for the SSBG does not include supplemental appropriations in response to major disasters, nor does it include separate pre-appropriated funding for Health Profession Opportunity Grants. Funding for Health Profession Opportunity Grants was pre-appropriated (\$85 million annually for each of FY2010 to FY2014) by the Patient Protection and Affordable Care Act (ACA, P.L. 111-148). These grants are authorized within Title XX-A of the Social Security Act (Section 2008), which also authorizes the SSBG (Section 2001), but are not targeted toward early childhood care and education activities.

<sup>30</sup> Funds transferred from TANF to SSBG can be used only for children and families whose income is less than 200% of the federal poverty guidelines. Under welfare reform law, states also may use SSBG funds for vouchers for families that are not eligible for cash assistance because of time limits under the welfare reform program, or for children who are denied cash assistance because they were born into families already receiving benefits for another child.

<sup>31</sup> In November 2010, the President signed P.L. 111-285, extending the expenditure deadline for these supplemental funds by one fiscal year (i.e., through September 30, 2011).

<sup>32</sup> P.L. 110-28, signed into law on May 25, 2007, extended the availability of these funds for expenditure through the end of FY2009.

<sup>33</sup> For more information, see CRS Report RL30952, *Head Start: Background and Issues*, by Karen E. Lynch.

the social and cognitive development of children through the provision of educational, health, nutritional, social, and other services. Most children served in Head Start programs are three- and four-year olds, but in 1994 Head Start was expanded to include an Early Head Start program, which serves children from birth to three years of age. Head Start was last reauthorized by the Improving Head Start for School Readiness Act of 2007 (P.L. 110-134), which was signed into law on December 12, 2007. This law authorized the program through the end of FY2012 (September 30, 2012).<sup>34</sup>

At the federal level, Head Start is administered by the HHS. HHS awards Head Start funds directly to local grantees rather than through states. Programs are locally designed and are administered by a network of roughly 1,600 public and private nonprofit and for-profit agencies. Head Start agencies are required to comply with detailed federal performance standards.

The final FY2011 CR (P.L. 112-10) appropriated \$7.560 billion for Head Start, roughly \$326 million (+5%) more than the FY2010 funding level of \$7.234 billion.<sup>35</sup> The FY2012 appropriations law (P.L. 112-74) provided \$7.969 billion for Head Start, roughly \$409 million (+5%) more than the FY2011 funding level.<sup>36</sup> According to HHS, Head Start funding supported slots for about 964,430 children in FY2011 and an estimated 962,120 children in FY2012.<sup>37</sup> Early Head Start programs account for roughly 12% of total enrolled slots in each of these two years.

### **Maternal, Infant, and Early Childhood Home Visiting Program**

In March 2010, the Patient Protection and Affordable Care Act (ACA; P.L. 111-148, as amended by P.L. 111-152) established the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program under Title V of the Social Security Act.<sup>38</sup> This program provides grants primarily to states, territories, and tribal entities for home visiting services that (1) promote maternal, infant and child health; (2) improve school readiness and achievement; (3) prevent child abuse or neglect and injuries; (4) improve family economic self-sufficiency; (5) reduce crime or domestic violence; and (6) improve coordination and referrals for community resources and supports. Grantees must establish benchmarks in each of these areas and must demonstrate improvement in no fewer than four of the six desired outcome areas within three years. The majority of funding (a minimum of 75%) must be used to support a home visiting program model that has shown sufficient evidence of effectiveness.<sup>39</sup> However, grantees may use up to 25% of their funds to implement home visiting program models that show “promise” of effectiveness. Under any of these models, the services must be provided on a voluntary basis to families with young children, including women who are pregnant and men expecting to become fathers.

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<sup>34</sup> For more information on the history of House and Senate provisions leading up to the conference-approved reauthorization law, see CRS Report RL33968, *Head Start Reauthorization: A Side-by-Side Comparison of House- and Senate-Passed Versions of H.R. 1429 and Current Law*, by Melinda Gish.

<sup>35</sup> The FY2011 amount reflects the across-the-board rescission of 0.2% required by P.L. 112-10. The FY2010 amount reflects the Secretary’s decision to transfer \$1.103 million from Head Start to the Health Resources and Services Administration (HRSA), pursuant to her 1% transfer authority under Section 206 of P.L. 111-117.

<sup>36</sup> The FY2012 amount reflects the across-the-board rescission of 0.189% required by Division F of P.L. 112-74.

<sup>37</sup> U.S. Department of Health and Human Services, Administration for Children and Families, FY2013 Justification of Estimates for Appropriations Committees, February 2011, p. 103.

<sup>38</sup> For additional information, see the description of H.R. 3590 in CRS Report R40705, *Home Visitation for Families with Young Children*, by Emilie Stoltzfus and Karen E. Lynch.

<sup>39</sup> More information on such models can be found on the HHS Home Visiting Evidence of Effectiveness (HomeVEE) homepage at <http://homvee.acf.hhs.gov/>.

Further, among eligible families, priority for services must be given to those in at-risk communities (as identified by a mandatory statewide needs assessment) and those with other specified risk or need factors.

MIECHV funds are distributed by formula to all participating states. In addition, states may compete for additional funds based on the strength of their program or their effort to develop a strong program. While all states are eligible to participate, as of FY2012, three states (North Dakota, Florida, and Wyoming) had discontinued operating the program. In such cases, the law allows non-profit organizations to apply to operate the MIECHV program within the state. Funds to tribal entities are distributed via competitive grants. At the federal level, the law specified that this program was to be administered collaboratively by two HHS agencies: the Maternal and Child Health Bureau at the Health Resources and Services Administration (HRSA) and the Administration for Children and Families (ACF).<sup>40</sup> The law also directly appropriated (or pre-appropriated) five years of funding for this new program: \$100 million for FY2010, \$250 million for FY2011, \$350 million for FY2012, and \$400 million for each of FY2013 and FY2014.<sup>41</sup>

### **Elementary and Secondary Education Act (ESEA) Title I, Part A**

ESEA Title I, Part A, is the largest federal education program serving disadvantaged children, particularly school-age children. After Head Start, it is the largest program providing early education and care to young children. The U.S. Department of Education estimates that approximately 2% of children served by Title I each year are preschoolers. Preschool services are not separately funded under Title I, Part A—such spending occurs if local educational agencies (LEAs) choose to use some of their Title I funds for this purpose. The final FY2011 CR (P.L. 112-10) appropriated \$14.44 billion for Title I, Part A, which is roughly \$49 million (-0.3%) less than the FY2010 funding level of \$14.49.<sup>42</sup> The FY2012 appropriations law (P.L. 112-74) provided \$14.52 billion for Title I, Part A, which is roughly \$74 million (+1%) more than FY2011.<sup>43</sup>

### **Individuals with Disabilities Education Act (IDEA) Programs**

The majority of IDEA funding for special education and related services (approximately 90%) goes to school-age children via grants to states. However, IDEA also authorizes two state grant programs for young children: an early intervention program for families with infants or toddlers with disabilities (IDEA, Part C) and a preschool program for children with disabilities (IDEA, Part 619).<sup>44</sup> The Infants and Families Program serves disabled children from birth to two years of age, and the Preschool Program generally serves children ages three to five.

The Infants and Families Program requires that states receiving grants create and maintain a “statewide, comprehensive, coordinated, multidisciplinary, interagency system that provides early

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<sup>40</sup> HHS has located the program’s main homepage at <http://mchb.hrsa.gov/programs/homevisiting/>.

<sup>41</sup> The ACA provided no funding beyond FY2014 and according to the Congressional Budget Office score for the ACA ([http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/113xx/doc11307/reid\\_letter\\_hr3590.pdf](http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/113xx/doc11307/reid_letter_hr3590.pdf)), MIECHV funding will drop out of the federal budget baseline entirely at that point.

<sup>42</sup> The FY2011 amount reflects the across-the-board rescission of 0.2% required by P.L. 112-10.

<sup>43</sup> The FY2012 amount reflects the across-the-board rescission of 0.189% required by Division F of P.L. 112-74.

<sup>44</sup> For more information, see CRS Report RL31273, *Individuals with Disabilities Education Act (IDEA): Early Childhood Programs (Section 619 and Part C)*, by Richard N. Apling.

intervention services for infants and toddlers with disabilities and their families.” Services focus on children experiencing “developmental delay” with respect to physical, mental, or other capacities, and their families. Services are detailed for each child and his or her family in an Individualized Family Service Plan. Services are to be provided, to the maximum extent feasible, in “natural environments,” including the home, with other infants and toddlers who are not disabled. IDEA Grants to Infants and Families (Part C) were funded at \$439 million in FY2011 and \$443 million in FY2012.<sup>45</sup>

States are eligible for Preschool Program grants under Section 619 of IDEA if they are eligible for grants under IDEA, Part B, grants to states, and they make available free appropriate public education to all disabled children 3 to 5 in the state. In recent years, all states qualified for and received preschool grants under this section. Since Part B grants to states are used to serve children with disabilities as young as three years of age (as well as school-age children), Section 619 is not so much a separate program as it is supplementary funding for services to this age group. In general, the provisions, requirements, and guarantees under the grants to states program that apply to school-age children with disabilities also apply to children in this age group. As a result, Section 619 is a relatively brief section of the law, which deals mostly with the state and substate funding formulas for the grants and state-level activities. IDEA Preschool Grants (Part B, Section 619) were funded at \$373 million in both FY2011 and FY2012.<sup>46</sup>

### **Child Care Access Means Parents in School (CAMPIS)**

Authorized under the Higher Education Act amendments of 1998, and first funded in FY1999 at \$5 million, the CAMPIS program is designed to support the participation of low-income parents in post-secondary education through campus-based child care services. Discretionary grants of up to four years in duration are awarded competitively to institutions of higher education, to either supplement existing child care services, or to start a new program. CAMPIS received roughly \$16 million in FY2011 and FY2012.<sup>47</sup>

### **Promise Neighborhoods**

The Promise Neighborhoods program provides competitive grants to support communities in developing and implementing comprehensive neighborhood plans to combat poverty and improve educational and life outcomes for children. These neighborhood plans typically support a continuum of services from early learning to college and career.<sup>48</sup> They may cover a range of issues, from improving a neighborhood’s health, safety, and stability to expanding access to learning technology and Internet connectivity and boosting family engagement in student learning. The Promise Neighborhoods program, which is administered by ED, was launched in FY2010 with \$10 million. ED used these funds to award 21 communities with one-year planning

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<sup>45</sup> These amounts reflect, respectively, the FY2011 across-the-board rescission of 0.2% required by P.L. 112-10 and the FY2012 across-the-board rescission of 0.189% required by Division F of P.L. 112-74.

<sup>46</sup> These amounts reflect, respectively, the FY2011 across-the-board rescission of 0.2% required by P.L. 112-10 and the FY2012 across-the-board rescission of 0.189% required by Division F of P.L. 112-74.

<sup>47</sup> These amounts reflect, respectively, the FY2011 across-the-board rescission of 0.2% required by P.L. 112-10 and the FY2012 across-the-board rescission of 0.189% required by Division F of P.L. 112-74.

<sup>48</sup> Promise Neighborhoods grantees are not required to focus specifically on early childhood, but many of the current grantees selected “comprehensive local early learning networks” as a competitive priority on their applications.

grants.<sup>49</sup> Funding for Promise Neighborhoods has increased in each subsequent year, to \$30 million in FY2011 (+199% from FY2010) and \$60 million in FY2012 (+100% from FY2011).<sup>50</sup> With FY2011 funds, ED awarded 15 new planning grants and five implementation grants.<sup>51</sup> With FY2012 funds, ED awarded 17 new grants (ten planning grants and seven implementation grants) for a total of \$34.7 million, and reserved remaining FY2012 funds for second-year grants to the five FY2011 implementation grant recipients.<sup>52</sup>

## **Race to the Top**

The Race to the Top (RTT) program was initially authorized in FY2009 under the State Fiscal Stabilization Fund included in the American Recovery and Reinvestment Act (P.L. 111-5). Under the RTT program, which received \$4.35 billion in FY2009, competitive grants were awarded to states implementing K-12 reforms in four areas: (1) enhancing standards and assessments; (2) improving the collection and use of data; (3) increasing teacher effectiveness and achieving equity in teacher distribution; and (4) turning around struggling schools. No new funding for RTT was appropriated in FY2010, but the final FY2011 CR (P.L. 112-10) provided \$699 million for the RTT.<sup>53</sup> Notably, Section 1832 of the final FY2011 CR also gave ED new authority to reserve a portion of its RTT funding for competitive grants to states for the improvement of early childhood care and education. ED used this authority to reserve \$500 million for RTT-Early Learning Challenge (RTT-ELC) grants and ultimately awarded grants to nine states.<sup>54</sup> The FY2012 appropriations law (P.L. 112-74) provided \$549 million for the RTT overall, which is roughly \$150 million (-21%) less than FY2011.<sup>55</sup> The report language (H.Rept. 112-331) accompanying the FY2012 appropriations law expressed an expectation that the FY2012 RTT competition will include a “robust” early childhood component. ED ultimately reserved \$133 million (24% of the FY2012 funds) for RTT-ELC grants, which were later awarded to five states.

## **Tax Provisions**

### **Dependent Care Tax Credit (DCTC)**

The DCTC is a non-refundable tax credit for employment-related expenses incurred for the care of a dependent child under 13 or a disabled dependent or spouse, under Section 21 of the tax code.<sup>56</sup> Beginning in tax year 2003, the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16) increased the maximum credit rate to 35% of expenses up to \$3,000 for one

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<sup>49</sup> For more information on these grants, visit <http://www2.ed.gov/programs/promiseneighborhoods/index.html>.

<sup>50</sup> These amounts reflect, respectively, the FY2011 across-the-board rescission of 0.2% required by P.L. 112-10 and the FY2012 the across-the-board rescission of 0.189% required by Division F of P.L. 112-74.

<sup>51</sup> Ibid.

<sup>52</sup> Department of Education, “Secretary Duncan Announces Seventeen 2012 Promise Neighborhoods Winners in School Safety Address at Neval Thomas Elementary School,” press release, December 21, 2012, <http://www.ed.gov/news/press-releases/secretary-duncan-announces-seventeen-2012-promise-neighborhoods-winners-school-s>.

<sup>53</sup> The FY2011 amount reflects the across-the-board rescission of 0.2% required by P.L. 112-10.

<sup>54</sup> For more information, visit <http://www2.ed.gov/programs/racetothetop-earlylearningchallenge/index.html>.

<sup>55</sup> The FY2012 amount reflects the across-the-board rescission of 0.189% required by Division F of P.L. 112-74.

<sup>56</sup> For more information, see CRS Report RS21466, *Dependent Care: Current Tax Benefits and Legislative Issues*, by Christine Scott and Janemarie Mulvey.

child (for a credit of \$1,050), and up to \$6,000 for two or more children (for a credit of \$2,100). The 35% rate applies to taxpayers with adjusted gross incomes of \$15,000 or less. The rate decreases by one percentage point for each additional \$2,000 increment (or portion thereof) in income until the rate reaches 20% for taxpayers with incomes over \$43,000.<sup>57</sup> Under the FY2013 budget released by the Obama Administration in February 2012, DCTC expenditures were estimated to be \$4.2 billion for tax year 2010 (FY2011), \$3.4 billion for tax year 2011 (FY2012), and \$1.6 billion for tax year 2012 (FY2013).<sup>58</sup>

### **Dependent Care Assistance Program (DCAP)**

Under Section 129 of the tax code, payments made by a taxpayer's employer for dependent care assistance may be excluded from the employee's income and, therefore, not be subject to federal income tax or employment taxes.<sup>59</sup> The maximum exclusion is \$5,000. Section 125 of the tax code allows employers to include dependent care assistance, along with other fringe benefits, in nontaxable flexible benefit or "cafeteria" plans. Under the FY2013 budget released by the Obama Administration in February 2012, DCAP expenditures were estimated to be \$840 million in tax year 2010 (FY2011), \$1.35 billion in tax year 2011 (FY2012), and \$1.58 billion in tax year 2012 (FY2013).<sup>60</sup>

## **Programs Funded in Recent Years, But Not Currently Funded**

### **The William F. Goodling Even Start Family Literacy Programs (Even Start)**

Even Start programs, authorized by ESEA Title I, Part B, Subpart 3, were intended to integrate early childhood education, adult basic education, and parenting skills education into a unified family literacy program.<sup>61</sup> These programs provided grants to states, which then distributed the funds to eligible entities (consisting of a local education agency (LEA) in collaboration with a community based organization). Even Start services generally served children aged 0-7 and their parents. Even Start services were required to include adult literacy instruction, early childhood education, instruction to help parents support their child's education, participant recruitment, screening of parents, staff training, and home-based instruction.

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<sup>57</sup> These provisions were made permanent by the American Taxpayer Relief Act of 2012 (H.R. 8), which was signed into law (P.L. 112-240) by President Obama on January 3, 2013.

<sup>58</sup> Office of Management and Budget, *Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2013*, February 2012, p. 251, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/spec.pdf>. Note that the FY2013 budget estimates reflect an Obama Administration proposal to increase the credit for families earning between \$15,000 and \$103,000 annually. However, the budget proposed to make this provision effective for tax years beginning after December 31, 2012, meaning that the full effects of increasing the credit would likely not be seen until FY2014.

<sup>59</sup> For more information, see CRS Report RS21466, *Dependent Care: Current Tax Benefits and Legislative Issues*, by Christine Scott and Janemarie Mulvey.

<sup>60</sup> Office of Management and Budget, *Analytical Perspectives, Budget of the U.S. Government, Fiscal Year 2013*, February 2012, p. 251, <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2013/assets/spec.pdf>. Note that, as with the DCTC, certain provisions of DCAP law were made permanent by the American Taxpayer Relief Act of 2012 (H.R. 8), which was signed into law (P.L. 112-240) by President Obama on January 3, 2013.

<sup>61</sup> For more information, see CRS Report RL30448, *Even Start Family Literacy Programs: An Overview*, by Gail McCallion, and CRS Report RL33071, *Even Start: Funding Controversy*, by Gail McCallion.

Even Start was first authorized in 1989 and grew rapidly in its first years. However, the program received increasing criticism and saw its funding decline in each year from FY2003 through FY2008, when the Consolidated Appropriations Act of 2008 (P.L. 110-161) provided \$66 million for Even Start. Both the FY2009 Omnibus (P.L. 111-8) and the FY2010 Consolidated Appropriations Act (P.L. 111-117) maintained the FY2008 funding level of \$66 million for Even Start, though President Obama's FY2010 budget requested no funding for the program. For FY2011, the President's budget once again requested no funding for Even Start. The first four continuing resolutions for FY2011 (P.L. 111-242, P.L. 111-290, P.L. 111-317, and P.L. 111-322) temporarily maintained Even Start funding at the FY2010 rate of \$66 million. However, the fifth FY2011 CR (P.L. 112-4) provided no funding for Even Start. Likewise, none of the subsequent FY2011 CRs provided funding for Even Start. The FY2012 appropriations law also provided no funding for this program.

In advocating for the elimination of Even Start, the Obama Administration had contended that this program had not demonstrated effectiveness in improving child and adult learning outcomes through the integration of the four core services of adult education, parenting education, parent-child activities, and early childhood education. The Administration argued that these conclusions were supported by data from three national evaluations of Even Start. Advocates of continuing Even Start programs argue that the goal of providing integrated family literacy services to an extremely disadvantaged population is so important that these programs should not be eliminated. Furthermore, they argue that a thorough study of the impact of legislatively mandated quality improvements to Even Start is needed, as well as a concerted effort to improve Even Start through implementation of model programs and technical assistance.

## **Early Reading First**

The Early Reading First program, authorized by ESEA Title I, Part B, Subpart 2, supported local efforts to enhance the school readiness of young children—particularly those from low-income families—through scientific research-based strategies and professional development that are designed to enhance the verbal skills, phonological awareness, letter knowledge, and pre-reading skills of preschool age children.<sup>62</sup> The program provided competitive grants to eligible LEAs and to public or private organizations or agencies located in eligible LEAs, with the Department of Education authorized award grants for up to six years. The FY2009 Omnibus (P.L. 111-8) maintained the FY2008 funding level of \$113 million for the Early Reading First program. President Obama's FY2010 budget requested \$163 million for the program, an increase of \$50 million over FY2009 funding. However, the FY2010 Consolidated Appropriations Act (P.L. 111-117) provided no funding for Early Reading First. Instead, Congress incorporated Early Reading First funding into an Expanded Striving Readers Program, intended to serve children from preschool through high school.<sup>63</sup> The FY2010 Consolidated Appropriation increased funding for Striving Readers to \$250 million (an increase of about \$215 million from FY2009) and reserved

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<sup>62</sup> For more information, see CRS Report RL31241, *Reading First and Early Reading First: Background and Funding*, by Gail McCallion.

<sup>63</sup> Following their authorization in the No Child Left Behind Act of 2001, the largest federal programs exclusively focused on literacy were Reading First for students in grades K-3 and Early Reading First for preschoolers. Reading First was last funded at \$393 million in FY2008, but it received funding of approximately \$1 billion each year between FY2002 and FY2007. The Early Reading First program, a competitive grant program that was last funded in FY2009, received approximately \$100 billion a year in funding between FY2002 and FY2009. The Striving Readers program, which began as a competitive grant literacy program for students in middle school, was refocused on broader literacy programs for pre-K through 12<sup>th</sup> grade in FY2010; it received funding of \$250 million in that year.

about 15% (or \$37.5 million) for children ages 0-5. No funding has been requested for Early Reading First since the FY2010 President's budget, and no funding has been appropriated for this program since FY2009. No funding has been requested for the current or forthcoming fiscal year.

### **Early Childhood Educator Professional Development**

The Department of Education has provided competitive grants to partnerships to improve the knowledge and skills of early childhood educators who work in communities that have high concentrations of children living in poverty. Funding in FY2006 and FY2007 remained stable at approximately \$14.5 million, but FY2007 was the last year in which funds were appropriated. No funding has been requested for the current or forthcoming fiscal year.

### **Early Learning Fund/Early Learning Opportunities Act Program**

This HHS program (referred to by both names), authorized by the FY2001 Consolidated Appropriations Act (P.L. 106-554), was last funded in FY2005 at \$36 million. When funded, the program provided grants to communities to enhance school readiness for children under five, specifically supporting efforts to improve children's cognitive, physical, social, and emotional development. Although authorized at \$600 million, FY2003 funding for the program was set at \$25 million; FY2004 funding was set at \$34 million (despite President Bush's FY2003 budget proposal to eliminate the program); and in FY2005, P.L. 108-199 included \$36 million for the Early Learning Fund. FY2005 was the last year in which this program received funding. No funding has been requested for the current or forthcoming fiscal year.

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