



NCSL REPORT

Early Care & Education

November 2006

Highlights of Early Care and Education Funding Increases in 2006

In 2006 state legislatures made significant increases in appropriations to early care and education programs and services. State increases included more funding for prekindergarten, services for children ages birth to five, and child care. This documents highlights the significant budget actions in 2006 based on budget information collected as of October 31, 2006.

Birth to Age 5

States appropriated increases in a number of different programs and services for children ages birth to five. These included early childhood initiatives, Head Start and Early Head Start, family support, early childhood mental health, and public private partnerships. There were also two ballot measures that passed on November 7th that will raise revenue for early childhood programs.

The greatest increases in funding for birth to five come from ballot measures that passed in Arizona and Nebraska. **Nebraska's** Amendment 5, referred by the legislature (LB 1006), is a constitutional amendment to permit the use of funds dedicated to the Common Schools for early childhood education for children from birth to kindergarten-age. The amendment creates an early childhood education endowment fund and allocates \$40 million of perpetual school funds to the endowment fund. It requires private funding of \$20 million to be committed by 2011 and it only permits interest or income to be used for early childhood education programs. (Also related, LB 1256).

Arizona's Proposition 203, called the Arizona Early Childhood Development and Health Initiative, establishes an Early Childhood Development and Health Fund, consisting of revenues generated by an increase in the state tax on tobacco products including an \$.80 cent tax on cigarettes. The measure provides funds for early childhood development and health services for children 5 and under including early childhood development programs, parent and family support programs, provider professional development, and preventive health care and health screenings. Funding will be distributed based on the population of children 5 and under, the number of families with incomes less than 100 percent of federal poverty, and other considerations. It also establishes a board appointed by the Governor, with the consent of the State Senate that will distribute funding in collaboration with regional partnerships throughout the state.

North Carolina appropriated \$26 million for a variety of early childhood initiatives, including expanded funding for Smart Start (\$13.5 million), TEACH Early Childhood Program and child care subsidy increases. Iowa provided \$10 million in new funds for its Community Empowerment Initiative, which is to be used for early care, health, and education programs for children birth to age 5. The state also provided an annual appropria-

tion of \$15 million FY 2007-2008 and 2008-2009 (\$30 million over two years) to the School Ready Grants Account for early care, health, and education programs.

Four states increased funding for Head Start or Early Head Start. **Pennsylvania** increased its Head Start appropriation by \$10 million, bringing total funding to \$40 million. **Massachusetts** increased funding to its state Head Start supplement by \$1 million. **Hawaii** appropriated \$500,000 in states funds for FY 2006-2007 to increase the number of low-income children and families served through the Early Head Start and Head Start Programs. **Kansas** increased state funding by \$1.8 million for FY 2007 for Early Head Start.

Oklahoma appropriated \$5 million to be matched by another \$10 million in private funds for the Early Childhood Initiative. Oklahoma lawmakers also appropriated just over \$2 million to parent training programs, with a majority of the funds to expand the state's Parents as Teachers program.

Increases in family support services were appropriated in Hawaii, Iowa, Michigan, and Pennsylvania. **Iowa** provided an annual appropriation of \$5 million for each of the three fiscal years (\$15 over three years) to be used for family support services and parent education programs targeted to families expecting a child or with newborn and infant children through age three. **Pennsylvania** appropriated \$1 million and **Michigan** appropriated \$400,000 to the their states' nurse family partnership program. **Hawaii** appropriated and additional \$400,000 for FY 2006-2007 to expand to four new sites, the department of education's Families for REAL early childhood program, which fosters positive interaction between parents and their children.

Early childhood mental health saw increases in at least four states. **Illinois** appropriated a \$2 million increase to expand mental health services for children ages birth to 18. An additional \$3 million will go to the Illinois State Board of Education to bolster school-based supports for children's mental health. **Kentucky** is using \$775,000 in tobacco settlement funds for the next two years for early childhood mental health. The state also allocated \$500,000 in each fiscal year for the First Steps Program, which provides early childhood mental health services for very young children and their families. **Colorado**, as part of its school finance act, appropriated \$800,000 for FY 2006-07 for early childhood mental health services. **Washington** appropriated \$450,000 for evidence-based mental health pilots.

With increasing interest in public private partnerships, at least two states provided state funding to these efforts. **Virginia** appropriated \$1 million in FY 2007 and \$1.5 million in FY 2008 to establish the Virginia Early Childhood Foundation. Virginia's budget bill also requires the funds be matched with local public and private resources with a goal of leveraging a dollar for each state dollar provided. **Michigan** appropriated \$1 million to the local Great Start Collaborative which works to coordinate public and private efforts to improve early childhood systems.

States also appropriated funds to support early childhood task forces. **Iowa** appropriated \$1 million to be used for implementation of the Business Community Investment Advisory Council for its Community Empowerment Initiative. **Hawaii** appropriated \$250,000 in state fund for an early learning education task force. Other states that created task forces or study commissions in 2006 include Idaho, Maryland, New Hampshire, Vermont, Washington and

Wyoming. Washington established a new Department of Early Learning with a \$1.5 million appropriation.

Prekindergarten

In 2006, 31 states increased spending on pre-k, totaling \$1 billion over the last two years, according to Pre-K Now. The states with the largest increases include **California, Illinois, Kentucky, New York, Pennsylvania, South Carolina** and **Tennessee**. States took three approaches in increasing funding for prekindergarten: funding preschool for all preschool aged children, funding to expand programs for areas of low-performing schools or high poverty areas and budget increases to serve more low-income or at-risk children. States funded new programs, added funds to existing programs or started new pilot programs.

Illinois and West Virginia expanded funding with the goal of serving all preschool-aged children. **Illinois** became the first state to begin phasing in preschool for all 3- and 4-year-olds with an increase of \$45 million to the Early Childhood Block Grant. Illinois' block grant totals \$318 million for FY 2007, which includes a set aside of 11 percent for birth to age 3 programs and services. **West Virginia** increased funding by \$7.5 million to continue to phase in preschool for all 4-year-olds. **Georgia**, already implementing preschool for all, increased funding for the Georgia Pre-K Program by \$12 million. New York increased funding for the Universal Prekindergarten Program (UPK) by \$50 million. **New York** has not kept pace with its original goal of having a universal program for 4-year-olds by the 2002-2003 school year. California and South Carolina increased funding for children in low-performing school district attendance areas. **California** appropriated \$50 million for child development and preschool programs. Of the \$50 million, \$45 million will reimburse half-day preschool programs located in areas of low performing schools. \$5 million will be distributed for classroom quality enhancements. **South Carolina** lawmakers responded to school adequacy litigation by establishing a new pilot targeting the lawsuit counties, funded with \$23.7 million in new funds. In addition, Pennsylvania directed funding to school districts more broadly by adding \$50 million to the state's Early Childhood Accountability Block Grant for preschool and K-3 initiatives for a total of \$250 million.

Numerous states increased funding for programs aimed at low-income children or children at risk of school failure. Highlights include:

- **Colorado** - increased funding by \$6 million for preschool and full-day kindergarten.
- **Iowa** - increased funding by \$5.5 million for its Shared Visions preschool program.
- **Kansas** - appropriated \$2 million in tobacco funds for pre-k in seven counties.
- **Kentucky** - increased funding by \$23.5 million to provide preschool to children in families with incomes up to 150 percent of FPL.
- **New Mexico** - increased funding for pre-k by \$9.5 million including a non-recurring appropriation of \$1.5 million for pre-k start up costs for equipment and safety improvements.
- **North Carolina** - appropriated an additional \$18 million in lottery funds for its preschool More at Four program.
- **Tennessee** - appropriated an increase of \$20 million in states funds to its Voluntary Pre-K program for at-risk children in families with incomes at 185 percent of FPL.
- **Texas** - will provide pre-k to children of active duty military parents with an increase of \$7.3 million.

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- **Virginia** - appropriated a \$6.6 million increase over the next two years for the Virginia Preschool Initiative for at-risk 4-year-olds.

Other states expanded funding for pre-k to school districts, including **Connecticut** which increased funding by \$8 million for its School Readiness grant program for poor communities. **Massachusetts** funded preschool pilot programs with \$4.6 million.

The City and County of **Denver** had a November ballot measure (1A) that would raise Denver sales tax by .12 percent to fund preschool for Denver 4- year-olds and to improve preschool quality. Parents would receive a tuition credit based on need and could choose their preschool provider. The measure also includes a quality improvement plan and establishes an independent board. The measure will likely pass by a slim margin, but at time of press, not all the votes had been counted in Denver County to confirm these results.

Child Care

During the 2006 legislature, a number of states increased funding for child care to expand eligibility, increase reimbursement rates for child care providers, and promote high quality. Highlights include:

- **Arizona** appropriated an increase of \$7.9 million in state funds to raise the maximum reimbursement rates for child care providers. The state also provided an appropriation of \$400,000 for additional licensing child care staff. Prior to this legislative session, the state appropriated approximately \$70 million to address child care caseload growth and to eliminate waiting list for child care subsidies over the last three years.
- **California** appropriated \$67 million for child care eligibility expansion. The budget “un-freezes” child care income eligibility levels to a maximum of 75 percent of current state median income.
- **Delaware** appropriated \$1.7 million to address child care provider reimbursement rate increases. The appropriation requires child care provider rates rise to the 65 percent of the market rate based on the 2005 market rate study. It also requires that providers under 75 percent of the market rate to receive a \$.50 per child per day increase.
- **Illinois** increased child care funding by \$34 million for a rate increase that will update reimbursement rates for child care providers across the state.
- **Kentucky** appropriated \$2.8 million in new state funds and \$544,800 in federal funds to increase private child care provider reimbursement rates. Kentucky also appropriated \$1.1 million in state and federal funds to create a pool to serve hard-to-place children by providing performance incentives to private child care providers.
- **Massachusetts** increased funding by \$12.5 million for child care provider salary rate reserve.
- **North Carolina** allocated over \$14 million in new money to implement a child care provider rate increase and \$450,000 for additional licensing staff.
- **Pennsylvania’s** state budget includes a \$59.5 million increase for its Keystone Stars and Child Care Works Subsidy program and a \$5.9 million increase in child care subsidy rate ceilings.
- **Washington** appropriated \$269,000 for family child care provider collective bargaining over subsidy rates and other economic-related personnel matters.

States appropriated new funds to increase the quality of care including funding quality rating systems. **Kentucky** appropriated \$800,000 in tobacco funds in FY 2006-2007 and \$900,000 in FY 2007-2008 for Early Childhood Scholarships. **Massachusetts** increased funding by \$3 million for early childhood educator scholarships. **Iowa** appropriated \$1 million for early care professional development and training activities. **North Carolina** appropriated \$1 million additional funding to the TEACH Early Childhood Project.

Ohio appropriated \$15 million in TANF welfare funds to expand the state's voluntary quality rating system. **Massachusetts** also appropriated \$250,000 to develop a quality rating system for teachers participating in its new universal pre-K program. The **Minnesota** Legislature appropriated \$1 million to implement a quality improvement rating system, but the governor vetoed it.