This brief provides a snapshot of the major provisions of the American Recovery and Reinvestment Act that address or can be used for early care and education. ARRA sections include child care and education, including Title I and IDEA, the Education Stabilization Fund, Head Start and Early Head Start, and higher education grants. The brief also includes ideas about how states can use ARRA funds to support early childhood initiatives. The ARRA provides states with multiple options for early care and education, including:

- Child care services expansion
- Child care quality improvement
- Child care quality strategies for infants and toddlers
- Early childhood services targeting low-performing schools
- Early intervention for infants, toddlers and preschoolers
- Other strategies to serve children ages birth to five (e.g. home visiting)
- Professional development for teachers
- Teacher scholarships
- Data systems
- Early childhood councils
- Improving early childhood assessment
- Construction and renovation of facilities

**Child Care**

The Child Care and Development Block Grant (CCDBG) received $2 billion in additional funding in the ARRA. In addition to the 4 percent spending requirement for quality initiatives, this amount includes $225.2 million set aside for quality purposes. Of that amount, $93.6 million is for activities that improve the quality of infant and toddler care. These funds will fall under the current federal requirements for the Child Care and Development Block Grant (CCDBG) funds. The April 9, 2009 guidance from the Department of Health and Human Services describes the funds as “an opportunity to assist those most impacted by the recession” by providing funds to expand services to additional children and families and to invest in child care quality.²

The law states that the funds must be used to supplement, not supplant, state spending for child care for low-income families, but there is no new maintenance of effort or match requirement. A state meets the non-supplantation requirement if it has not made administrative or legislative changes to reduce the amount of state general revenue funds for child care assistance below the amount the state would have spent on the date of enactment of the ARRA (Feb. 17, 2009).³ States that reduced state funding to child care prior to Feb. 17, 2009, to meet FY 2009 budget shortfalls, would meet the non-supplantation requirement. If a state cannot meet this requirement, it can submit a written rationale to the department demonstrating that the reduction in state funding was not due to the availability of additional federal funds. The department will consider this rationale...
in determining whether a state meets the non-supplantation requirement. The ARRA child care funding offers states the opportunity to move forward with plans to meet the needs of families facing challenges as a result of the economic downturn, improve child care and address other state priorities for child care services.

States receive Child Care and Development Block Grant funds to provide child care subsidies to low-income families, including families that receive welfare. States determine how federal and state child care funds are spent. States determine eligibility, co-pays, reimbursement rates, quality initiatives and services for infants and toddlers.

**EDUCATION FUNDING**

The ARRA education related funding includes three funding streams that include allowable expenditures on early childhood (prior to kindergarten).

**Title I**

Title I of the Elementary and Secondary Education Act (ESEA) distributes funds to local education agencies (LEAs) and public schools that have high numbers or high percentages of poor children. The ARRA provides supplemental funding to Title I through targeted grants, incentive grants and school improvement grants for a total of $13 billion. On April 1, 2009, states received the first 50 percent of the ARRA Title I funds; the second round of funding is expected by Sept. 30, 2009.

According to guidance from the U.S. Department of Education, LEAs or schools can use Title I funds for preschool programs for children from birth to school entry. School districts and local schools have used Title I to operate pre-kindergarten programs, to expand hours of preschool programs or partner with Head Start, provide home visits, deliver early childhood screening and assessment, and offer professional development to teachers.

Two guidance documents provide additional clarification of the intent for ARRA education funds to be used for early childhood. The Department of Education’s March 7, 2009 guidance states:

Congress in its ARRA conference report indicated its intent that grantees use some of their Title I funds for early childhood programs and activities. The Administration is committed over the long term to expanding early childhood educational opportunities and creating a more seamless web of high-quality services for parents and children. In coming weeks, the Department will provide additional guidance on opportunities to use ARRA funds to expand high-quality early childhood educational services.

The April 1 department guidance encourages LEAs to consider using the ARRA funds for early childhood education, an area for which they might not have had sufficient resources in the past. Title I funds can be used for preschool or to supplement or expand other early childhood education programs, such as state-funded prekindergarten, Head Start/Early Head Start, Even Start or Early Reading First. Title I funds can be used in conjunction with existing programs, including community-based child care programs and the Child Care and Development Block Grant.

Prekindergarten programs for 3- and 4-year-olds are one example of current use of Title I funds. According to the National Institute for Early Education Research (NIEER), the states reporting use of federal Title I funds for prekindergarten programs in 2007 included Kentucky, Louisiana, Nebraska, South Carolina and West Virginia. Additional states—including California, Georgia, Illinois, Massachusetts and Michigan were reported by the Center for Law and Social Policy. With limited reporting on expenditures of Title I, additional states and districts could be using federal Title I for pre-kindergarten. The Department of Education reports that just over 450,000 children receive Title I-funded early education services.

In the Department of Education March guidance on potential uses of Title I funds, the department describes pre-kindergarten as one of the allowable uses, consistent with ARRA principles. States can:

Strengthen and expand early childhood education by providing resources to align a district-wide Title I pre-K program with state early learning standards and state content standards for grades K–3 and, if there is a plan for sustainability beyond 2010–11, expanding high-quality Title I pre-K programs to larger numbers of young children.
**IDEA**
The ARRA provides supplemental funding to the Individuals with Disabilities Education Act with $11.3 billion for Part B (Sec 611), $400 million for Part B (sec 619) for preschool, and $500 million for Part C for infants and toddlers, expanding the federal share of funding for children with special needs. Fifty percent of both Part B Preschool and Part C Infants and Toddlers funds were awarded to states on April 1, 2009; the remaining 50 percent to be awarded by Sept. 30, 2009.

According to Department of Education guidance, the department encourages states using Part B funds to make short-term investments with long-term results by:

- Obtaining state-of-the-art assistive technology devices and providing training on their use to enhance access to the general curriculum for students with disabilities.

- Providing intensive district-wide professional development for special education and regular education teachers that focuses on scaling-up, through replication, proven and innovative evidence-based school-wide strategies in reading, math, writing and science, and positive behavioral supports to improve outcomes for students with disabilities.

- Developing or expanding the capacity to collect and use data to improve teaching and learning.

- Expanding the availability and range of inclusive placement options for preschoolers with disabilities by developing the capacity of public and private preschool programs to serve these children.12

Part C funds can be used to directly provide early intervention services and to implement a system for early intervention services. The department guidance offers a range of possible uses of the funds, including offering in-service training, expanding child-find, providing training for families, developing state and local data systems, obtaining assistive technology, purchasing equipment, implementing innovative strategies, and developing joint policies with other early childhood programs.13

**STATE FISCAL STABILIZATION**
The ARRA provides $39.5 billion through existing state funding formulas to support elementary, secondary and post secondary education and “as applicable, early childhood education programs and services.”14 Funds are aimed at restoring funds to K-12 for formula increases to be implemented and funding for equity and adequacy adjustments, and at restoring funds to higher education. Funds are intended to provide fiscal relief and boost student achievement.15

The State Fiscal Stabilization funds provide opportunities to provide early care and education services, to construct or improve facilities, to fund professional development of early childhood teachers, and to develop data systems. First, the language allows LEAs to use the funds for any activity authorized by the ESEA and other sections of law—as described in Title I, the law authorizes uses for early childhood services for children from birth to school entry. In its April guidance, the department describes examples of how LEAs could advance education reform (meeting one of the four assurances of turning around low-performing schools) by “strengthening and expanding early childhood education.”16 The guidance “encourages LEAs to use Fiscal Stabilization funds to support early childhood programs and services that are grounded in scientifically based research.”17

Second, the Department of Education guidance specifically refers to early childhood facilities: “To the extent LEAs use funds for modernization, renovation or repair, they should consider the use of facilities for early childhood education.” Third, states must assure that they will take action to “establish and use pre-K-through-college and career data systems to track progress and foster continuous improvement.”18 Finally, Fiscal Stabilization funds also can be used for higher education, including grants and scholarships for students.19 Many states currently fund scholarship programs as part of a professional development system for early childhood teachers.

**Government Services**
A flexible “Government Services” fund of $8.8 billion can be used for public safety and other government services, including education, school and higher education modernization, renovation or repair.
Department guidance encourages states to use these funds for education reform. The fund allows flexibility in allocating these funds for educational purposes and does not require the state to use a formula. Among possible uses of the funds are to support low-performing schools, collect data, improve assessment and improve teacher effectiveness. Because early care and education is included in the department’s vision of education reform, lawmakers can dedicate some of the more flexible funds to early childhood initiatives as part of their plan to advance state and federal education reform goals. States that have lacked funding to design or improve early childhood data systems could move ahead with those efforts, for example. Because of the broad possible uses of the funds to meet government needs, funding for early childhood would be in competition with many other pressing state issues.

**Competitive Awards**

Two competitive grants also are available to states. The $4.35 billion “Race to the Top” is a national competition to reward states that are aggressively pursuing education reform and to advance substantial gains in student achievement. Many states have demonstrated success with improving child outcomes and closing the achievement gap through their early care and education programs. These successful programs can be included as states apply for funds.

A second $650 million “Innovation Fund” will be awarded to LEAs, or to a partnership between a nonprofit organization and an LEA(s), or to a consortium of schools that have made significant gains in closing the achievement gap. These awards can be used for early childhood services if the entities meet certain requirements. These include significantly closing the achievement gap, exceeding state annual objectives, or improving in other areas such as graduation rates and recruitment and placement of high-quality teachers. States must demonstrate that they have an established partnership with the private sector, which can include philanthropic organizations, and those private sector partners must provide a match. With significant public-private partnerships well under way in several states, lawmakers and their private partners could be well-positioned to pursue these funds.

**Head Start and Early Head Start**

Head Start received an additional $1 billion, and Early Head Start received $1.1 billion for program expansion or enhancement. Funds include a cost-of-living increase; money for quality, technical assistance, and monitoring and program support. In addition to the specific funding provisions, $100 million will be made available for grants to states to establish early childhood advisory councils. Many states already have designated or created an early childhood advisory council in response to the Head Start Reauthorization Act of 2007 requirement, and the funds will support the work of these councils. The ARRA also provides resources to launch or support such councils. The Head Start funding will be distributed under the current statutory formula, and applications for Early Head Start funds will be made available almost doubling the number of children and families served. Although these funds are not appropriated at the state level, several states are collaborating with Head Start and Early Head Start which could be continued or expanded with ARRA funds.

The Head Start program, administered by the Office of Head Start (OHS), Administration for Children and Families (ACF), Department of Health and Human Services (HHS) provides grants to local public and private nonprofit and for-profit agencies to provide comprehensive child development services to low-income children. In FY 1995, the Early Head Start program was established to serve children from birth to age 3 in recognition of the importance of the early years of child development. Grants are awarded by ACF Regional Offices and the Office of Head Start’s American Indian-Alaska Native, and Migrant and Seasonal Program Branches directly to local public agencies, private nonprofit and for-profit agencies, Indian Tribes and school systems.

**Higher Education**

ARRA also includes a $100 million grant program under the Higher Education Opportunity Act for the Teacher Quality Partnership program. The grant program seeks to improve the quality of new teachers working in high-need LEAs and schools. Funds can be used for teacher preparation and school leadership including “early childhood educator program directors” and other school leaders in high-need or
rural LEAs. Partnership requirements include “a high-need early childhood education program” located within a high-need school district, among others.

**Opportunities for State Investment of the ARRA Funds**

State legislatures have been at the forefront of quality innovations and expanded funding for early care and education. Enacted laws in recent years have developed new pre-kindergarten programs, implemented quality rating systems for child care, improved the professional development of teachers in child care centers and pre-kindergarten programs, and addressed health and safety issues. In addition, lawmakers have expanded support for parents of young children.

The American Reinvestment and Recovery Act of 2009 was designed to give a boost to the economy. The funds dedicated to early childhood can be spent wisely to continue the advances in states on early care and education issues. Lawmakers concerned with making significant short term investments with economic recovery funds can do so by targeting funds to improve quality, support children and their families, and continue innovation. A few examples are provided below.

- **Expand eligibility to address the economic crisis**
  
  With additional CCDBG or Title I funds, states could consider increasing income eligibility temporarily to serve more families hit by the economic crisis. Many families who previously did not access the child care subsidy program or state pre-kindergarten will need these programs while they are searching for a new job and attempting to meet housing expenses. In child care, if the family is not on the state’s welfare rolls (TANF), the state can make subsidy rules for low-income families that allow for a longer job search, child care subsidies during training, or an extended eligibility determination period for greater family and child stability. Given the limited duration of these funds, the state could expend them as an emergency measure to address the crisis and could revise the rules after recovery funds are expended.

- **Continue to improve the quality of programs for young children**
  
  With recent state investment in quality rating systems, professional development, teacher scholarships, early learning guidelines, data systems and other infrastructure, lawmakers have made important strides toward investing in effective programs that support early childhood development and early learning. States can continue to invest in such capacity building efforts that make good sense in the short-term and have long-term benefits. Many states that designed a quality rating and improvement system (QRIS), for example, could use the recovery funds to pilot their QRIS or evaluate the state’s current QRIS initiative. Lessons learned will provide valuable information for planning for post-ARRA priorities. Funding for child care—and, in particular the set aside for child care quality in the ARRA—provides opportunities for states to continue their quality initiatives.

- **Improve teacher capacity to promote early learning**
  
  Teachers are the single most important component of a child care or preschool program. Strong early learning experiences improve children’s achievement over the short-term and have lasting long-term benefits. Two options use the CCDBG funds to strengthen teachers. One is to fund infant and toddler specialists to provide on-site support and coaching for teachers who care for infants and toddlers. Investments will increase the capacity of teachers over the long-term and could inform new teacher support strategies. A second is to fund teacher scholarships and release time so that current teachers or new teachers can increase their education and training. In addition, a state could apply for Teacher Quality Partnership grants to improve teacher preparation or management skills of center directors.

- **Leverage funding streams**
  
  With ARRA funding to child care, Title I, Head Start/Early Head Start, IDEA Part B and Part C, and TANF, states have new opportunities to leverage funding streams for young children. States could encourage partnerships with school districts, child care providers and Head Start/Early Head Start providers and early intervention. Funds could be
used to help providers meet goals for inclusion of special needs children and for high-quality early care and education, and to meet the needs of low-income working families. State reimbursement from the Temporary Assistance to Needy Families (TANF) Emergency Contingency Fund can be used as flexibly as current TANF funding, including for subsidized child care, preschool and home visiting. In addition, the ARRA allows carryover TANF funding to be used flexibly, beyond the prior requirement that limited spending on cash assistance.

• **Partner with Head Start/Early Head Start**
One emerging practice is state collaboration with Head Start and/or Early Head Start. Early Head Start serves pregnant women and children under age 3 and Head Start serves children ages 3 to 5. As states look for effective approaches to improve young children’s early learning, many are supplementing Head Start/Early Head Start funds to meet their goals. Sixteen states provide supplemental state funding to Head Start programs to expand the number of children served or to extend the day/year of service, and 20 states are building on the Early Head Start model. According to the Center for Law and Social Policy, Early Head Start collaborations have varied widely, but new ARRA funds offer the opportunity for states to work with additional providers and explore new partnerships to expand services, support providers in meeting Early Head Start standards, or improve quality. States could consider using CCDBG funds (quality set-aside, infant and toddler set-aside, or child care subsidy funds) to collaborate with Head Start grantees or new or existing Early Head Start grantees.

• **Address current gaps**
State lawmakers have addressed numerous issues of program design and quality in early care and education programs. One area receiving new attention is informal or license-exempt child care. Many families rely on friends and neighbors for child care, a trend that is likely to increase with the economic downturn. States can support these providers by conducting outreach to identify the providers; create provider networks; supply materials, including books, toys and safety equipment; and offer classes for those who may want to become licensed.

• **Improve facilities**
Use ARRA funding for construction and facility improvement or repair. State lawmakers could target state fiscal stabilization funds to invest in facilities to meet the demand for child care and pre-kindergarten in targeted communities.

• **Tackle poverty**
The ARRA includes new funding for Temporary Assistance to Needy Families (TANF), the Supplemental Nutrition Assistance Program (formerly Food Stamps), the Community Services Block Grant, and creates a compassion capital fund for nonprofit organizations. The combination of early childhood funding and funding for programs for families in poverty is an opportunity to foster state and community collaboration to address child and family poverty.
ECONOMIC RECOVERY FUNDING OPPORTUNITIES FOR EARLY CARE AND EDUCATION

NOTES


14. H.R. 1, section 14002(a)(1).


