

The Forum for America's Ideas

Federal and State Funding

NCSL Early Fellows Meeting Minneapolis, Minnesota

August 27, 2018



NATIONAL CONFERENCE *of* STATE LEGISLATURES

Possible ECE Funding Streams

- Federal
 - ▣ Early Head Start/Head Start
 - ▣ Child Care Subsidy Program

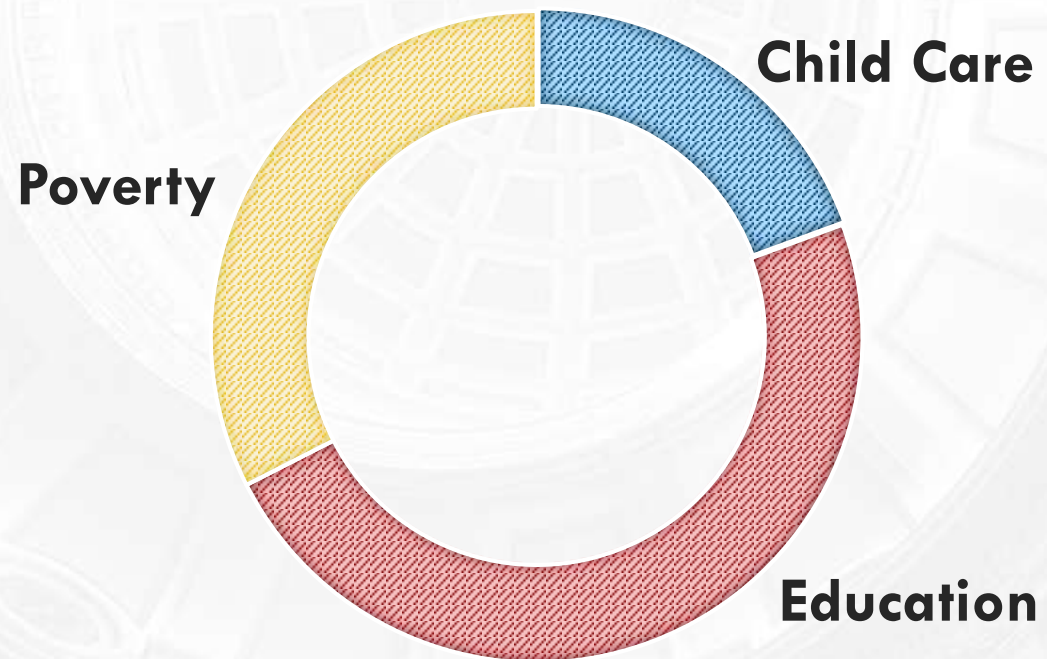
- State
 - ▣ Pre-Kindergarten
 - ▣ Infant and Toddler

- Private Pay
- Local Programming



Federal Funding Sources

- More than \$17 billion from Federal government
- Major programs
 - ▣ Head Start
 - ▣ CCDF
 - ▣ TANF
- Current allocations



Federal Funding Sources

- Who is served? Eligibility and state flexibility
 - ▣ Percentage of children served of those eligible VS.
 - ▣ Percentage of children served of those in need
- How funds get to the states
- Education programs
 - ▣ **'Birth to 5' Preschool Development Grant in ESSA**
 - ▣ Early Head Start – Child Care Partnerships



Funding, Appropriations, and Reform

- Ancillary Service Programs
 - ▣ Child and adult food programs
 - ▣ Community and neighborhood development programs
 - ▣ Home Visiting
- Program changes and Appropriations – **what's next?**



Examples of State Funding Sources

Public Funds

- ❑ IL - state general revenue, Education
- ❑ KS - **tobacco settlement, Children's Cabinet and Trust Fund**

Public & Private Funds

- ❑ OK - state general revenue and private sector
- ❑ NE - Educational Lands Grant and Trust Fund, private funds

Dedicated Taxes & Tax Credits

- ❑ LA and NE - School Readiness Tax Credits
- ❑ CA - tobacco tax (First 5)
- ❑ AZ - tobacco tax (First Things First)
- ❑ AR - beer tax



Innovative Financing Mechanism Approaches

- Set-Aside
- Public Private Partnership Fund
- Tax Credits



Set-aside

Illinois

- 20 percent funding set-aside for research-based home- and center-based programs for at-risk expecting parents **and infants & toddlers within the State Board of Ed's Early Childhood Block Grant (0-5)**

Kansas

- At least 30 percent funding set-aside for research-based programs for at-risk expectant parents and infants & toddlers within Early Childhood Block Grant (0-5)



Public Private Partnership Fund

Oklahoma

- State contributes \$10 million in state education funds and private sector contributes \$15 million to the Oklahoma Pilot Early Childhood Program.

Nebraska

- State contributed \$40 million from the Educational Lands and Trust Fund, matched by \$20 million in private funds, to Sixpence, the Nebraska Early Childhood Education Endowment. Annual earnings from the funds are distributed as grants to schools and community partners.



Tax Credits

Louisiana

- Package of four different refundable tax credits set in statute (2007) used to **encourage ECE providers to voluntarily participate in LA's QRIS**
- Credits to Providers; Credits to Directors and Teachers; Credits to Businesses for Supporting Child Care; Credits to Parents/Consumers

Nebraska

- Two school readiness tax credits used to provide financial incentives for quality and experience (2016)
- Credits to providers; credits to employees based on education levels, training and work history
- Legislation sunsets in 2021, gathering data on the impact to guide potential renewal of law



NCSL Resources

Human Services Webpage:

www.ncsl.org/research/human-services.aspx

Early Care and Education Webpage:

www.ncsl.org/research/human-services/early-care-and-education.aspx



Federal Funding Resources

- [National Institute for Early Education Research – Early Care and Education Funding Landscape](#)
- [Child Care Aware State Fact Sheets](#)
- [ACF Federal and State Funding Child Care and Early Learning](#)
- [CCDF Fundamentals](#)

