

CRS Report for Congress

Early Childhood Care and Education Programs in the 110th Congress: 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., Elementary and Secondary Education Act, Title I, Part A; Early Reading First; Even Start; the 21st Century Community Learning Centers Program; the Early Childhood Educator Professional Development program; and the Individuals with Disabilities Education Act — Preschool Grants program and Infants and Toddlers program), while for others (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 an overview of federal child care, early education, and related programs, and their funding status.

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). Fiscal year (FY) 2007 appropriations bills for those departments did not receive floor action in the House or Senate during the 109th Congress, despite the 2007 fiscal year beginning on October 1, 2006. After three continuing resolutions (CRs) provided temporary funding for government operations, a fourth CR, providing funding through the end of FY2007, was ultimately signed into law (P.L. 110-5) on February 15, 2007, shortly after the President's budget request for FY2008 was released. For several but not all of the programs covered by this report, the FY2007 funding levels mirrored those included in the FY2006 appropriations (P.L. 109-149). Funding for Head Start was increased, as was that for Early Reading First. Even Start funding was cut, but not eliminated as had been proposed by the President.

The FY2008 appropriations process, which included a series of continuing resolutions that provided temporary funding (at FY2007 levels) and a vetoed conference agreement (H.Rept. 110-424), ultimately culminated in the Consolidated Appropriations Act of 2008 (H.R. 2764) being signed into law (P.L. 110-161) by the President on December 26, 2007. The legislation includes an across-the-board cut (1.747%) to the program funding level amounts contained in the act's language. (The levels included in this report reflect the across-the-board reduction.) On February 4, 2008, the President released his budget request for FY2009.

The 110th Congress has not addressed all of the expired (or soon expiring) reauthorizations in the area of early childhood education and care. The CCDBG (expired with FY2002) remains funded without authorization. No Child Left Behind was granted an automatic one-year extension (through FY2008) under the General Education Provisions Act. Head Start reauthorization legislation (H.R. 1429) was approved by this Congress in November 2007, and signed into law (P.L. 110-134) by the President on December 12, 2007.

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Early Childhood Care and Education Programs in the 110th Congress: Background and Funding

Federal Child Care and Early Education Programs and Tax Provisions

Several federal programs support child care, education, or related services, primarily for low-income working families. In addition, the tax code includes provisions specifically targeted to assist families with child care expenses. Descriptions of those programs and tax provisions follow, as does **Table 1**, which shows funding (or obligations or tax expenditures, where applicable and available) for the programs and tax provisions for the past five years. 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 still due to be reauthorized in the 110th Congress include the Child Care and Development Block Grant and programs under the No Child Left Behind Act (NCLBA). Legislation to reauthorize Head Start (H.R. 1429), a program whose authorization expired with FY2003, was signed into law (P.L. 110-134) by the President on December 12, 2007. All of these programs have continued to receive funding. The NCLBA programs include Elementary and Secondary Education Act (ESEA) Title I, Part A, Early Reading First, Even Start, and the Early Childhood Educator Professional Development program. Programs for young children contained in the Individuals with Disabilities Education Act (IDEA), such as the Preschool Grants program and the Infants and Toddlers program, are not up for reauthorization in the 110th Congress. Readers should be aware that this report does not attempt to cover all issues connected with each of those reauthorizations.

Child Care and Development Block Grant (CCDBG)¹

The primary federal grant program funding child care is the CCDBG, which was created in 1990 and reauthorized (through FY2002) and substantially expanded in 1996, as part of welfare reform. The CCDBG is overdue for reauthorization, and the 110th Congress has inherited this unfinished task. (Although the 109th Congress completed legislation to provide the mandatory funding portion for the CCDBG through FY2010, the CCDBG Act itself, which outlines the rules of program, and includes the authorization level for discretionary funding, awaits reauthorization. In

¹ For more information, see CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Melinda Gish.

the meantime, discretionary funding has been provided via the appropriations process.)

The CCDBG is administered by the Department of Health and Human Services (HHS), and provides formula block grants to states, which use the grants to subsidize the child care expenses of families with children under age 13, if the parents are working or in school, and family income is less than 85% of the state median. (In practice, many states establish income eligibility levels that are lower than this federal threshold.) Child care services are provided 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.

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 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 and physical premises safety, and health and safety training for care givers. However, federal law does not dictate the specific contents of these requirements.

The CCDBG is funded through both discretionary and capped entitlement (mandatory) grants (referred to in combination as the Child Care and Development Fund (CCDF)), and state maintenance-of-effort (MOE) and matching requirements apply to part of the entitlement funds.² States must use at least 4% of their total funds to improve the quality and availability of child care, and according to statute, must target 70% of entitlement funds on welfare recipients working toward self-sufficiency or families at risk of welfare dependency. However, because all families falling below the 85% of state median income requirement can be categorized as "at risk," the 70% targeting of the welfare or at-risk population does not necessarily mean welfare families must be served. In theory, all funds may be used for low-income, non-welfare, working families. However, state plans indicate that many states guarantee child care to welfare families. No more than 5% of state allotments may be used for state administrative costs.

The FY2006 Appropriations Act for the Departments of Labor, HHS, and Education (P.L. 109-149) included roughly \$2.1 billion in discretionary funding for the CCDBG. (An across-the-board rescission of 1% brought the precise total to \$2.062 billion.) The fourth and final CR (P.L. 110-5) covering FY2007 maintained discretionary funding at the \$2.1 billion level. Mandatory (or "entitlement") CCDBG funding beginning in FY2003 through FY2005 was provided at the FY2002 rate (\$2.717 billion for the year), under a series of funding extensions. Ultimately, as alluded to earlier, funding for a longer, five-year period (FY2006-FY2010) was included in the Deficit Reduction Act of 2005, a budget spending reconciliation bill

² 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.

(S. 1932), which was signed into law (P.L. 109-171) on February 8, 2006. This law provides \$2.917 billion annually for each of FY2006-2010.

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. The original legislation provided \$16.5 billion annually through FY2002, and after a series of twelve temporary extensions, Congress included several welfare 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 maintains the TANF block grant at \$16.5 billion for FY2006-2010. Child care is one of many services for which states may use TANF funding. In FY2006 (the most recent year for which data are available), HHS reports that states spent \$1.24 billion in federal TANF funds for child care within the TANF program, and \$2.23 billion in state TANF and separate state program (SSP) MOE funds.³ 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 transfer from the FY2006 TANF allotment to the CCDBG totaled \$1.9 billion (representing 12% of the FY2006 TANF allotment).

Child and Adult Care Food Program (CACFP)

The CACFP provides federal funds (in some cases commodities) for meals and snacks served in licensed child care centers, family and group day care homes, and Head Start centers. Child care providers that are exempt from state licensing requirements must comply with alternative state or federal standards. Children under 12, migrant children under 15, and children with disabilities of any age may participate, although most are preschoolers. Eligible providers are usually public and private nonprofit organizations. The CACFP is an open-ended entitlement, administered by the Department of Agriculture. For FY2008, obligations are estimated to be \$2.289 billion, and \$2.172 in FY2007.⁴

Social Services Block Grant (SSBG)

Title XX of the Social Security Act authorizes Social Services Block Grants, which may be used for social services at the states' discretion. There are no federal income eligibility requirements, targeting provisions, service mandates, or matching requirements. The most recently published HHS analysis of state expenditures indicates over 9% of total SSBG expenditures made in FY2005 (\$241 million) were for child care in that year, a decrease from those made for child care in FY2004 (\$254 million). Title XX is a capped entitlement, and state allocations are based on relative

³ 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 Financing and Requirements for State Programs*, by Gene Falk.

⁴ See CRS Report RL33307, *Child Nutrition and WIC Programs: Background and Recent Funding*, by Joe Richardson.

population size. 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. Funding for the SSBG has been held steady at \$1.7 billion for the past seven years (most recently, for FY2008), with states retaining authority to transfer up to 10% of their TANF block grants to the SSBG. However, as part of the FY2006 appropriations, in addition to the regular SSBG funding, an additional \$550 million was provided in the Defense Appropriations Act (P.L. 109-148), targeted for needs arising from the Gulf Coast Hurricanes of 2005. P.L. 110-28, signed into law on May 25, 2007, extends the availability of these funds for expenditure through FY2008, as a good portion remained unspent prior to the end of FY2007, and without legislative action, would have been returned to the Treasury.⁵

Head Start

Head Start provides comprehensive early childhood education and development services to low-income preschool children, on a part- or full-day basis.⁶ After unsuccessful attempts in the 109th Congress to reauthorize the Head Start program (whose authorization had expired with FY2003), legislation reauthorizing the program through FY2012 was passed by the current Congress in November 2007, and that bill, H.R. 1429/H.Rept. 110-439, was signed into law (P.L. 110-134) by the President on December 12, 2007.⁷

Despite the long period of overdue reauthorization, funding continued to be provided through the appropriations process. Under current law, Head Start funds are provided directly by HHS to local grantees, which must comply with detailed federal performance standards. The available data show funded enrollment for Head Start in FY2006 to have totaled 909,201 children (10% of whom were under age 3, participating in Early Head Start). After three continuing resolutions (CR) had extended temporary funding for Head Start at its FY2006 annual rate, a fourth CR (H.J.Res. 20), signed into law (P.L. 110-5) on February 15, 2007, ultimately provided funding for the entirety of FY2007. This appropriations measure included \$6.888 billion for Head Start, an increase of approximately \$100 million above the FY2006 level provided in “regular”⁸ Head Start funds in the FY2006 HHS appropriations law.

⁵ See CRS Report 94-953, *Social Services Block Grant (Title XX of the Social Security Act)*, by Melinda Gish.

⁶ For more information, see CRS Report RL30952, *Head Start: Background and Issues*, by Melinda Gish.

⁷ For more information on the history of House and Senate provisions leading up to the conference-approved version, 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.

⁸ The Defense Appropriations Act (P.L. 109-148) included \$90 million in additional funding for Head Start, to be used specifically for grantees serving children displaced by the Gulf Coast hurricanes of 2005, and to help with the costs of renovating Head Start facilities affected by the storms. Those funds were not be allocated according to the standard Head Start formula due to the targeted purpose of the funding. As discussed below, the Head Start
(continued...)

The Consolidated Appropriations Act 2008 (P.L. 110-161) includes \$6.878 billion for the Head Start program, which reflects a decrease of \$10 million compared to the FY2007 funding level.

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

ESEA Title I, Part A, is the largest federal 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 Consolidated Appropriations Act of 2008 (P.L. 110-161) provides \$14.03 billion for Title I, Part A, an increase of almost \$1.2 billion above the FY2007 level of \$12.84 billion in funding.

Early Reading First

The Early Reading First program, authorized by ESEA Title I, Part B, Subpart 2, supports 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.⁹ The program provides competitive grants to eligible local educational agencies (LEAs) and to public or private organizations or agencies that are located in eligible LEAs. The Department of Education may award grants for up to six years. Early Reading First is funded at a level of \$113 million for FY2008, \$5 million less than the \$118 million provided for FY2007.

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

The Even Start program is authorized by ESEA Title I, Part B, Subpart 3, and is intended to integrate early childhood education, adult basic education, and parenting skills education into a unified family literacy program.¹⁰ The program provides grants to states which then distribute them to eligible entities (consisting of a local education agency (LEA) in collaboration with a community based

⁸ (...continued)

Bureau has taken action to assess and address the needs of Head Start grantees in response to these hurricanes. Of the \$90 million appropriated, a total of \$74 million was awarded, based on grantee requests. The remainder was returned to the Treasury.

⁹ For more information, see CRS Report RL31241, *Reading First and Early Reading First: Background and Funding*, by Gail McCallion.

¹⁰ For more information, see CRS Report RL30448, *Even Start Family Literacy Programs: An Overview*, and CRS Report RL33071, *Even Start: Funding Controversy*, by Gail McCallion.

organization). Even Start services generally serve children aged 0-7 and their parents. Even Start services must 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.

The Even Start program, first authorized in 1989, grew rapidly in its first years, but it has been subject to increasing criticism in recent years and has seen its funding decline in each year from FY2003 through FY2008. The Education Department's FY2007 CR operating plan provided \$82 million in funding for the program, a cut of \$17million from the FY2006 funding level of \$99 million. As in the FY2007 budget request, the Administration requested no funding for the program for FY2008. However, the Consolidated Appropriations Act of 2008 (P.L. 110-161) provides \$66 million for Even Start.

In advocating for the program's elimination, the Administration contends that the program has not demonstrated it has been effective 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 argues that these conclusions are supported by data from three national evaluations of Even Start.

Advocates of continuing the Even Start program argue that the goal of providing integrated family literacy services to an extremely disadvantaged population is so important that the program 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 the program through implementation of model programs and technical assistance.

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. FY2006 funding was \$14.5 million, and in FY2007 the department reported an increase of \$10,000, for a rounded total of \$14.6 million in FY2007. The program received no funding for FY2008.

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 Infants and Toddlers with disabilities (IDEA, Part C) and a Preschool program for children with disabilities (IDEA, Part 619).¹¹ The Infants and Toddlers program serves disabled children from birth to two years of age, and the Preschool program generally serves children ages 3 to 5.

¹¹ 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.

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

States are eligible for Preschool 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 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 was reauthorized during the 108th Congress. IDEA, Part C, received \$436 million in funding for FY2008, the same level provided in FY2007 and FY2006. IDEA, Section 619, is funded at a level of \$374 million for FY2008, a decrease from the FY2007 level of \$381 million.

Child Care Access Means Parents in School (CAMPIS)

Authorized under the Higher Education Act amendments of 1998, and first funded for 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. Funding for FY2007 was \$15.8 million, the same level as in FY2006.

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. The FY2006 Appropriations Act includes no funding for this program. When funded, the program provided grants to communities to enhance school readiness for children under five, specifically by funding efforts to improve the cognitive, physical, social, and emotional development of these children. Although authorized at \$600 million, FY2002 funding for the program was set at \$25 million; FY2003 funding was set at \$34 million (despite the President’s FY2003 budget

proposal to eliminate the program) and for FY2004, P.L. 108-199 included \$34 million for the Early Learning Fund.

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.¹² 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 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 1% for each additional \$2,000 increment (or portion thereof) in income until the rate reaches 20% for taxpayers with incomes over \$43,000. The Department of the Treasury estimates tax expenditures for the DCTC will be \$3.1 billion for tax year 2006.

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.¹³ 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. The Department of the Treasury estimates that tax expenditures associated with the DCAP will be \$660 million in tax year 2006.

¹² See CRS Report RS21466, *Dependent Care: Current Tax Benefits and Legislative Issues*, by Christine Scott.

¹³ *Ibid.*

Table 1. Funding for Federal Early Childhood Care, Education, and Related Programs, FY2003-FY2008

(\$ in millions)

Program (Federal Admin. Agency)	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
CCDBG -discretionary portion (HHS)	2,086 ⁱ	2,087 ^l	2,083 ^m	2,062 ⁿ	2,062	2,062 ^u
CCDBG -entitlement portion (HHS)	2,717 ^j	2,717 ^j	2,717 ^j	2,917 ^o	2,917	2,917
TANF ^a (HHS)	a	a	a	a	a	a
Child and Adult Care Food (USDA)	1,915 ^b	2,056 ^b	2,134 ^b	2,141 ^b	2,172 ^b	2,289 ^v
Social Services Block Grant (HHS)	1,700 ^c	1,700 ^c	1,700 ^c	1,700 ^{c,q}	1,700	1,700
Head Start (HHS)	6,668 ^d	6,775 ^{k,l}	6,843 ^{k,m}	6,786 ^{n,p}	6,888 ^s	6,878 ^{u,w}
Even Start (ED)	248 ⁱ	247 ^l	225 ^m	99 ⁿ	82 ^t	66 ^u
IDEA Infants and Families (ED)	434 ⁱ	444 ^l	441 ^m	436 ⁿ	436 ^t	436 ^u
IDEA Preschool Grants (ED)	387 ⁱ	388 ^l	385 ^m	381 ⁿ	381 ^t	374 ^u
Early Learning Fund / ELOA (HHS)	34 ⁱ	34 ^l	36 ^m	0	0	0
Early Reading First (ED)	75 ⁱ	94 ^l	104 ^m	103 ⁿ	118 ^t	113 ^u
Early Childhood Educator Professional Development (ED)	15 ⁱ	15 ^l	15 ^m	14.5 ⁿ	14.6 ^t	0
Child Care Access Means Parents in School (ED)	16 ⁱ	16 ^l	16 ^m	15.8 ⁿ	15.8 ^t	16 ^u
Tax Provisions						
Dependent Care Tax Credit (Treasury)	2,707 ^g	3,207 ^g	3,338 ^g	3,060 ^r	3,190 ^r	x
Dependent Care Assistance Program (Treasury)	h	h	h	600 ^r	660 ^r	x

Source: Table prepared by the Congressional Research Service (CRS).

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 children served by Title I each year are preschoolers. 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 is \$14.03 billion in FY2008; was \$12.84 billion in FY2007; \$12.74 billion in FY2006; \$12.74 billion in FY2005; \$12.34 billion in FY2004; and \$11.69 billion in FY2003.

- a. TANF funds (\$16.5 billion annually) may be used for child care, but are not specifically appropriated as such. HHS reports that states spent \$1.3 billion in federal TANF funds for child care within the TANF program in FY2005 (the most recent data available). Also, the FY2005 transfer from the FY2005 TANF allotment to the CCDBG totaled \$2.0 billion (representing 12% of the FY2005 TANF allotment).
- b. Obligations (actual for 2002-2006; estimated for 2007), Department of Agriculture.
- c. Total SSBG appropriation amount shown. In FY2004 (the most recent expenditure data available), \$254 million in SSBG expenditures was for child care. In FY2003, the comparable figure was \$165 million, and in FY2002, it was \$205 million.
- d. Of the \$6.668 billion, \$5.268 billion was available for FY2003, and \$1.4 billion was available in FY2004. The \$5.268 billion was exempt from rescissions (or "offsets") included in P.L. 108-7. However, the advance appropriation of \$1.4 billion for FY2004, included in P.L. 108-7, was subject to the 0.59% rescission included in the FY2004 appropriations law (P.L. 108-199).
- f. This amount excludes \$3 million in unobligated funds transferred to the Program Administration account to help offset a \$3.7 million rescission in administrative and related expenses pursuant to section 803 of the FY2002 Supplemental Appropriations Act.

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- g. Prior tax year actual expenditures reported in (Internal Revenue Service) IRS publication 1304 Table 3.3 — in other words, \$3.338 billion in tax expenditures in tax year 2004.
- h. Actual tax expenditures associated with DCAP are not reported/collected on/from tax returns.
- i. Amount reflects rescission included in P.L. 108-7.
- j. Funding for TANF and the mandatory portion of CCDBG funding for FY2003, FY2004, and FY2005 was provided (at the FY2002 rates) through a series of temporary extensions.
- k. In FY2004, \$1.4 billion was advance appropriated for the following year. In FY2005, \$1.389 billion of the \$6.843 billion was advance appropriated for FY2006.
- l. These discretionary programs were subject to an across-the-board rescission of 0.59% included in P.L. 108-199. For the larger programs, the listed amount reflects the rescission, whereas for the smaller programs, the use of rounding in the table masks the decrease in the actual appropriation.
- m. The omnibus appropriations law (P.L. 108-447) included an across-the-board rescission of 0.8% for these discretionary programs. The numbers in the table reflect the offset. (For the smaller programs, the use of rounding in the table masks the decrease in the actual appropriation.)
- n. This amount reflects the 1% across-the-board rescission that applies to discretionary programs included in this appropriations act (P.L. 109-149).
- o. P.L. 109-171 provides \$2.917 billion for mandatory child care funding in each of fiscal years 2006-2010.
- p. Of the \$6.786 billion (post-rescission), \$1.386 billion became available in FY2007. In addition to the amount shown in the table, the Defense Appropriations Act (P.L. 109-148) provided \$90 million in additional funding for Head Start, to be used specifically for grantees serving children displaced by last year's Gulf Coast hurricanes, and to help with costs of renovating Head Start facilities affected by the storms.
- q. In addition to the \$1.7 billion appropriated in the Labor, HHS, Education law (P.L. 109-148), the Defense Appropriations Act (P.L. 109-149) provided \$550 million in SSBG funds, specifically targeted for needs arising from the Gulf Coast Hurricanes of 2005.
- r. Department of Treasury estimates of tax expenditures. Amounts reflect estimates for the prior *tax year*, that is, \$600 million in tax year 2005 and \$660 million in tax year 2006, taken from FY2008 President's Budget.
- s. The FY2009 budget documents are the source for the \$6.888 billion figure.
- t. 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).
- u. This amount reflects the 1.747% across-the-board rescission that applies under P.L. 110-161.
- v. Figures taken from the U.S. Department of Agriculture's 2008 Explanatory Notes to P.L. 110-161, submitted to the appropriations committees.
- w. Of the \$6.878 billion, \$1.389 billion becomes available in FY2009.
- x. Estimates will be added to table upon release of the FY2009 President's Budget.

FY2007 Appropriations

The FY2007 appropriations process consisted of four continuing resolutions, the last of which (H.J.Res. 20), signed into law (P.L. 110-5) on February 15, 2007, extended through the entirety of FY2007. The final CR language specified a dollar amount for Head Start — \$6.889 billion — approximately \$100 million more than the regular funding provided for FY2006. (Regular funds totaled \$6.786 billion in FY2006 and do not include the supplemental funding that was provided to target needs arising from the 2005 Gulf hurricanes.)

FY2008 Appropriations

Fiscal Year 2008 began without appropriations bills for the year having been completed. The process extended almost a full quarter into FY2008, with continuing resolutions providing temporary funding during the time it took for the House, Senate, and President to come to agreement on a bill. Ultimately, the President signed the Consolidated Appropriations Act of 2008 (H.R. 2764/P.L. 110-161) on December 26, 2007, but only after first vetoing a conference agreement submitted by Congress (H.Rept. 110-424). The funding levels that appear in the act (with few exceptions) are subject to an across-the-board reduction of 1.747%. All FY2008 appropriation amounts referenced in this report reflect the across-the-board cut.

Chronology of House and Senate FY2008 Appropriations Activity

On June 27, 2007, the Senate Appropriations Committee reported a bill (S. 1720/S.Rept. 110-107) to make appropriations for the Departments of Labor, HHS, and Education. The full Senate did not take up that legislation but later approved the H.R. 3043 conference agreement (subsequently vetoed by the President). H.R. 3043 was initiated in the House (see below).

The House Appropriations Committee approved its Labor-HHS-Education bill (H.R. 3043/H.Rept. 110-231) on July 11, 2007, by voice vote, and the full House passed H.R. 3043, as amended, on July 19, 2007, by a vote of 276-140. On July 17, 2007, the same day the House floor debate of H.R. 3043 began, the Office of Management and Budget (OMB) issued a Statement of Administration Policy stating its opposition to the bill and threatened a presidential veto if ultimately presented to the President.

On November 8, 2007, H.R. 3043 (H. Rept 110-424), the bill containing appropriations for Labor, HHS, and Education was sent to the President. On November 13, President Bush vetoed the bill, and on November 15, an attempt to override the veto failed in the House by a vote of 277-141 (two-thirds majority required).

In December, the House and Senate turned to H.R. 2764 (originally introduced as the State-Foreign Operations Appropriations Act for FY2008) as a vehicle for the omnibus appropriations measure. An amended version of H.R. 2764 became the

Consolidated Appropriations Act of 2008 and was agreed to and signed into law by the President on December 26, 2007. The explanatory statement accompanying the bill (and substituting for a conference report) provides for the aforementioned across-the-board cut of 1.747% to most programs and services funded by the bill.

Table 3 shows the funding levels approved, in chronological order, by the Senate Appropriations Committee for S. 1720, by the House for its version, H.R. 3043, by the House and Senate as part of the conference agreement accompanying H.R. 3043 (which was subsequently vetoed by the President), and ultimately, the funding levels approved by the President and signed into law (P.L. 110-161). All final funding levels reflect the across-the-board reduction of 1.747%.

Table 3. FY2008 Appropriations: Funding Levels in the President's FY2008 Request, Senate Committee Bill, House Bill, Vetoed Conference Agreement, and Final Bill
(\$ in millions)

Program	President's Request FY2008	Senate Appropriations Committee-Passed Bill (S. 1710)	House-Passed Bill (H.R. 3043)	Conference Agreement (H.Rept. 110-424) <i>vetoed</i>	Final (P.L. 110-161; includes 1.747% cut)
CCDBG discretionary (HHS)	2,062	2,062	2,137	2,095	2,062
SSBG (HHS)	1,200	1,700	1,700	1,700	1,700
Head Start (HHS)	6,789	7,089	6,964	7,042	6,878
Even Start (ED)	0	0	99	63	66
IDEA Infants and Families (ED)	423	450	436	443	436
IDEA Preschool (ED)	381	381	381	381	374
Early Childhood Educator Professional Development (ED)	0	15	0	0	0
Early Reading First (ED)	118	118	115	115	113
Child Care Access Means Parents in School (CAMPIS) (ED)	16	16	18	17	16

Source: Table prepared by the Congressional Research Service (CRS).

FY2009 President's Budget

The Administration released its proposed budget for FY2009 on February 4, 2009. As shown in **Table 4**, the President's funding request for most of the early childhood care and education programs discussed in this report mirror the funding levels provided for FY2008. Exceptions include a proposed \$149 million increase for the Head Start program, and a \$500 million decrease for the Social Services Block Grant (SSBG). In addition to the proposed cut for the coming year, the budget also proposes a plan to eliminate the SSBG entirely in FY2010. For FY2009, the Administration again proposes to eliminate the Even Start program, as well as funding for Early Childhood Educator Professional Development.

Table 4. President's FY2009 Funding Request Compared to FY2008 Appropriation
(\$ in millions)

Program	FY2008 Appropriation	President's Request FY2009
CCDBG discretionary (HHS)	2,062	2,062
SSBG (HHS)	1,700	1,200
Head Start (HHS)	6,878	7,027
Even Start (ED)	66	0
IDEA Infants and Families (ED)	436	436
IDEA Preschool (ED)	374	374
Early Childhood Educator Professional Development (ED)	0	0
Early Reading First (ED)	113	113
Child Care Access Means Parents in School (CAMPIS) (ED)	16	16

Sources: Table based on budget figures provided in FY2009 Budget Justifications for the Departments of Health and Human Services and Education.