



Blending Funding to Support Early Learning: A National and State Perspective

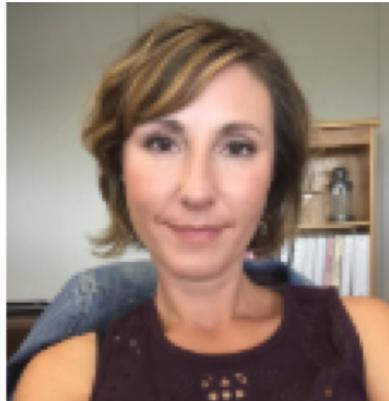
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BIPARTISAN POLICY CENTER

Creating an Integrated Early Care and Education System to Better Support Children and Families

BLENDING FUNDING TO SUPPORT EARLY LEARNING: A NATIONAL
AND STATE PERSPECTIVE

MAY 31, 2019

bipartisanpolicy.org

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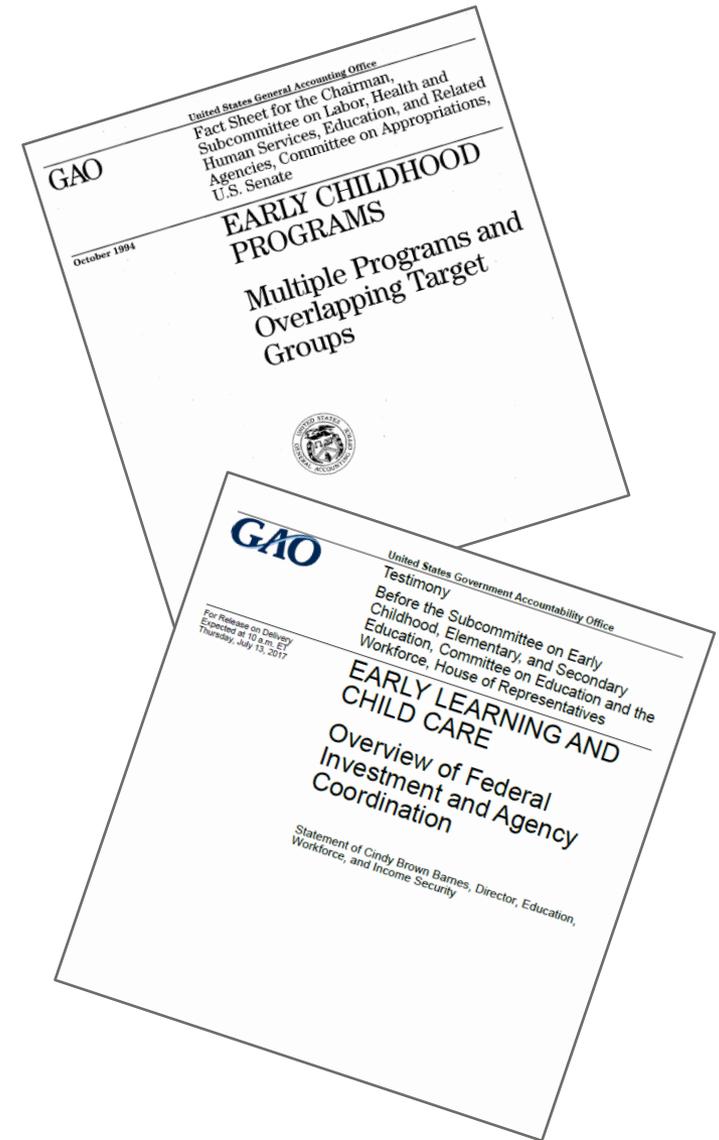
- **The Problem**
- **Why This Report?**
- **What We Did**
- **Comparing the States**
- **Top 10/Bottom 10**
- **Recommendations**
- **Conclusions**



WHY THIS REPORT



- Congress invests billions each year to provide ECE to children under the age of 5.
- Additionally, states fund Pre-K programs using state resources.
- Since 1994, GAO has reported on duplication and overlap in ECE funding.
- In 2017, GAO reported federal agencies had begun addressing these issues.
- BPC looked at states efforts to create a more efficient and effective ECE system.
- Ultimate goal is efficient and effective use of resources to better serve children & families.

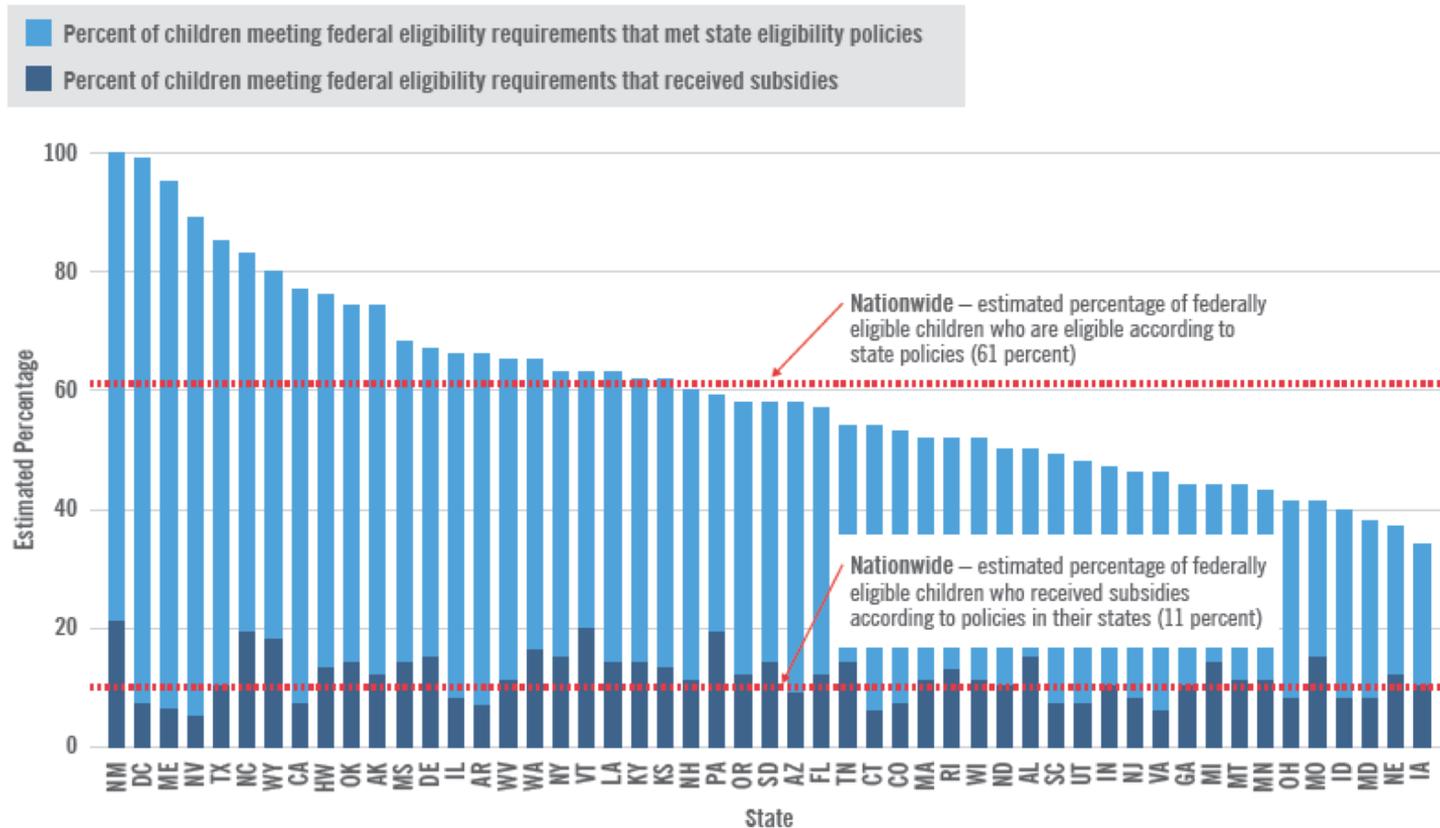


LACK OF FUNDING HURTS FAMILIES



Alignment and coordination is an important step to supporting children and families. But without increased funding only a small proportion of eligible children receive child care subsidies.

Figure 1: Percentage of Children Eligible for Federal Child Care Subsidies Who Also Qualify Under State Policies and Receive Assistance



SOURCE: GAO Analysis of Urban Institute Transfer Income Model, version 3 data in Department of Health and Human Services (HHS) *Estimates of Child Care Eligibility and Receipt for Fiscal Year 2012*, page 13 and of HHS data.



On the Ground Reality

Fragmentation, bureaucratic inefficiency, and lack of coordination create barriers for families to access services they need.

Too many families seeking help:

- **Apply to programs housed across multiple agencies,**
- **Fill out duplicative paperwork,**
- **Navigate inconsistent eligibility criteria, and still**
- **Wind up on waiting lists.**

- Administration of ECE programs in the 50 states & the District of Columbia.
- Flexibility States have in determining how ECE funding and programs will be administered
- State profiles & comparisons across states
- Recommendations for Congress, and federal agencies and governors.

WHAT THIS REPORT COVERS



- Federal and state funds spent on ECE programs.
- How states coordinate ECE funds.
- The number of state agencies and divisions within a state administering ECE programs.
- The location of related programs.
- State (early learning) advisory councils (SACs) and where SACs are housed.
- Head Start Collaboration Offices and where they're housed.
- The integration of early childhood data across programs.
- The integration of quality rating and improvement systems (QRIS) into licensing and child care subsidy.

Recommendations for:

- ✓ Governors
- ✓ Federal Agencies
- ✓ Congress



THE PROGRAMS REVIEWED



- Analysis started with the 9 programs identified by 2017 GAO report.
- Added TANF & CACFP because both provide significant funding for ECE.



CCDF (includes funds from CCDBG)



Head Start (includes Head Start, Early Head Start, and Early Head Start-Child Care Partnerships)



Preschool Grants for Children with Disabilities (IDEA, Part B Section 619)



Early Intervention for Infants and Toddlers with Disabilities (IDEA, Part C)



Temporary Assistance for Needy Families (TANF)



Child and Adult Care Food Program (CACFP)

State Pre-Kindergarten Program (if applicable)

Dropped programs that were competitive grants OR were not available to all states.



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ECE FUNDING

MAJOR ECE FUNDING STREAMS



- At the federal level, most ECE funding flows through the Department of Health and Human Services, including the Child Care and Development Fund (CCDF) and Head Start.
- Together, CCDF and Head Start account for more than 90% of overall federal funding for ECE programs.
 - FY 2018 federal appropriations for the two programs were \$8.14 billion and \$9.86 billion, respectively.
- The majority of states are investing significant funding into state Pre-K programs for 3- and 4-year olds.
- These programs all aim to do the same thing: provide children with safe, enriching environments where they can learn, grow, and succeed.

ECE FUNDING



Program	Appropriation			
	FY 16	FY 17	FY 18	FY 19
U.S. Department of Health and Human Services				
Child Care and Development Fund (CCDF) (includes funds from CCDBG)	\$5.68 billion	\$5.77 billion	\$8.14 billion	\$8.19 billion
Head Start (includes Head Start, Early Head Start, and Early Head Start-Child Care Partnerships)	\$9.17 billion	\$9.25 billion	\$9.86 billion	\$10.06 billion
U.S. Department of Education				
Preschool Grants for Children with Disabilities (IDEA, Part B, Section 619)	\$368 million	\$368 million	\$381 million	\$391 million
Early Intervention for Infants & Toddlers with Disabilities (IDEA, Part C)	\$459 million	\$458 million	\$470 million	\$470 million
Child Care Access Means Parents in School	\$15.1 million	\$15.1 million	\$50 million	\$50 million
Preschool Development Grants	\$250 million	\$250 million	\$250 million	\$250 million
Striving Readers Comprehensive Literacy	\$190 million	\$190 million	\$190 million	\$190 million
Promise Neighborhoods	\$73 million	\$73 million	\$78 million	\$78 million



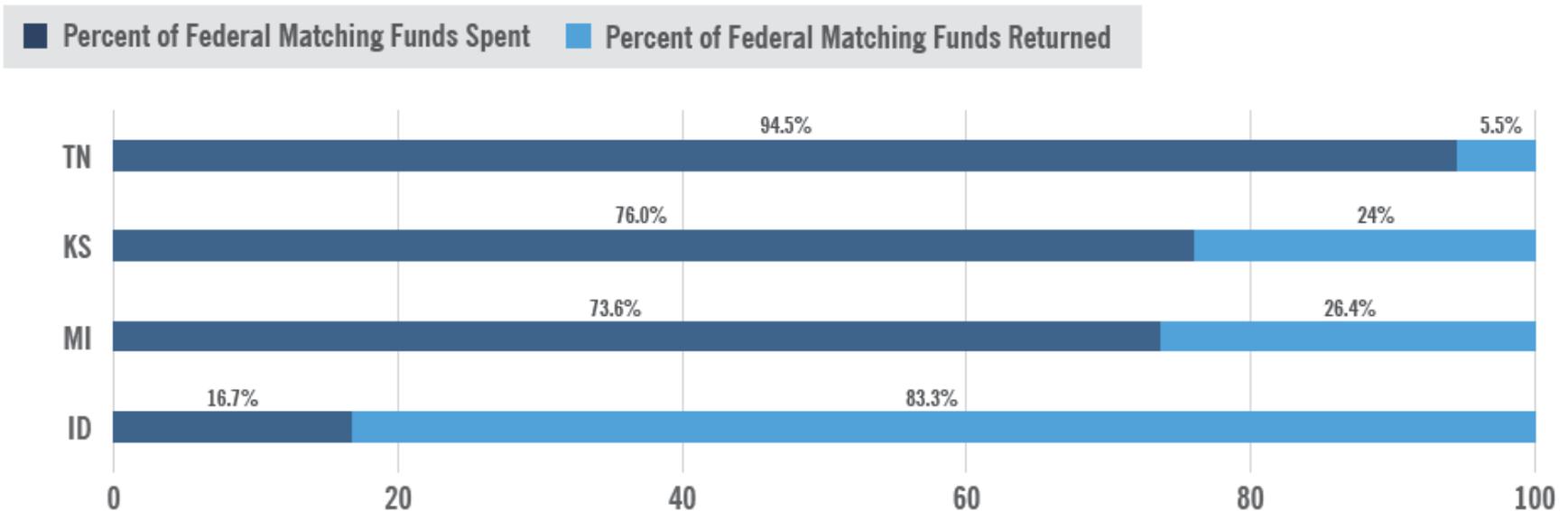
- States can transfer up to 30% of TANF funds annually to CCDF
 - In FY 2016, six states transferred 25% or more to CCDF
 - 20 states transferred less than 25%
 - 25 states did not transfer any TANF funding to child care.
 - TANF funds transferred to CCDF are subject to the CCDF requirements.
- States can spend an unlimited amount of TANF funds directly on child care.
 - TANF funds spent directly on child care are not subject to any CCDF requirements.

UNSPENT CCDF FUNDS



- States must spend a certain amount of their own funds in order to access their full federal CCDF grant.
- States that don't must return these funds to the federal government.
- Returned funds are reallocated to states that met the spending requirement.
- In FY16, 46 states and D.C. spent enough state funds to receive their full award. Idaho, Kansas, Michigan, and Tennessee returned about \$27 million to the federal government.

Figure 7: States Returning Federal Funds in FY 2016

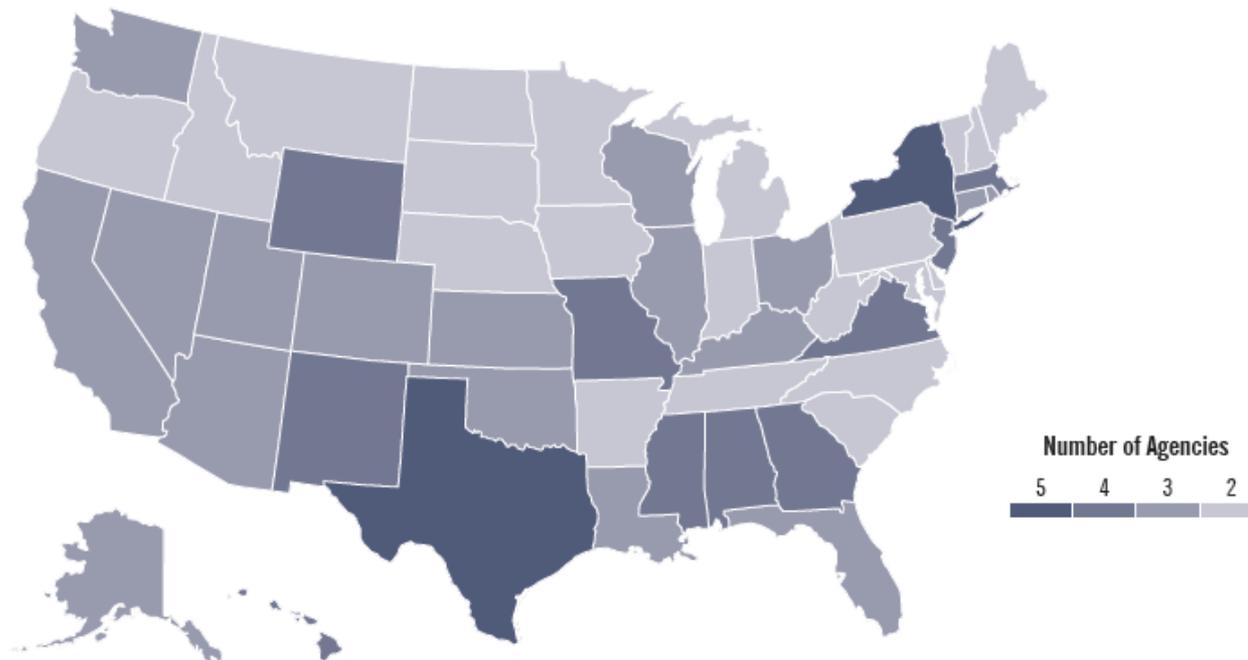


NUMBER OF AGENCIES ADMINISTERING PROGRAMS



In 29 states, 3 or more agencies are involved in administering ECE programs.

Figure 2: Number of Agencies Administering ECE Programs



As the number of agencies increases, it becomes harder to coordinate administration and monitoring (program quality and accountability).



Because Head Start is a Federal to Local grant program, the location of the State Head Start Collaboration Office matters.

- **With CCDF and state Pre-K:** In 17 states and D.C., the Collab Office was housed with both CCDF and state Pre-K programs (Arkansas, California, Connecticut, Delaware, Florida, Georgia, Indiana, Louisiana, Massachusetts, Maryland, Michigan, Montana, New Mexico, Oregon, Pennsylvania, Utah, and Washington).
- **With CCDF but not state Pre-K:** In 10 states, the Collab Office was housed with CCDF but not state Pre-K (Colorado, Idaho, Illinois, Kansas, New Hampshire, Rhode Island, South Carolina, Virginia, Vermont, and West Virginia)
- **With state Pre-K but not CCDF:** In 11 states, the Collab Office was housed with state Pre-K but not CCDF (Alabama, Hawaii, Iowa, Maine, Minnesota, Nebraska, New Jersey, Nevada, Ohio, Tennessee, and Wisconsin)

BPC was not able to determine (from publicly available resources) how the Head Start Collaboration Offices' activities compared to federal statutory charges.

PLACEMENT OF STATE ADVISORY COUNCILS (SAC)



The Head Start Reauthorization of 2007 directed Governors to create or designate a state advisory council (SAC) to support comprehensive ECE systems.

- 45 states and D. C. have a SAC based on FY16-18 CCDF state plans.
- 5 states don't have SACs – Florida, Idaho, Kansas, South Dakota and Texas
- While BPC reviewed the location of SACs, further analysis is needed to determine SAC functionality.

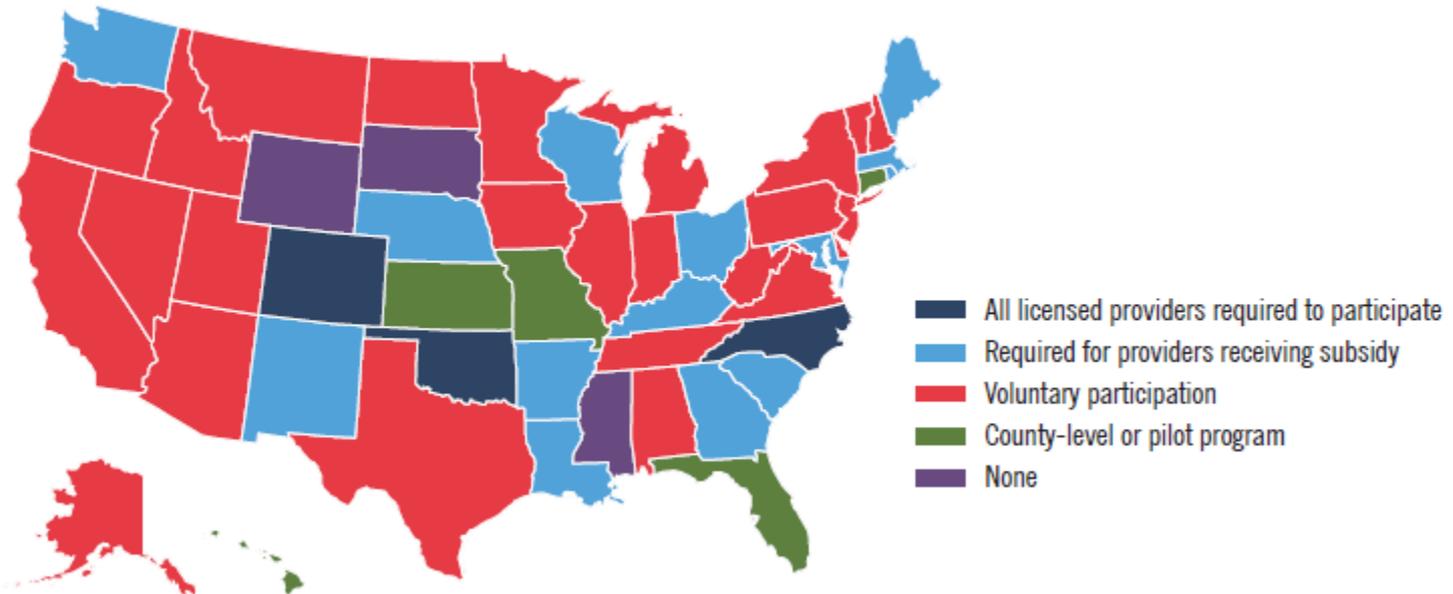
BPC was not able to determine (from publicly available resources) how SAC activities compared to federal statutory charges.

QUALITY RATING INFORMATION SYSTEMS (QRIS)



In most states, QRIS is a voluntary system parallel to licensing, and providers are not required to participate.

Figure 5: State Quality Rating and Improvement Systems





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COMPARING THE STATES' ECE ADMINISTRATION



- Each state received a Base Score and a Bonus Score
- 50 points available in the Base Score
- 20 bonus points were available in the Bonus Score
- States could earn a maximum of 70 points
- States were ranked on their total score (base + bonus)
- All states except Vermont, which declined to participate, were scored

Basic Concepts

Higher Scores for:

- ✓ Fewer agencies administering ECE programs
- ✓ Not splitting administration of programs across agencies (e.g., CCDF subsidy & quality)
- ✓ Transferring funds from TANF to CCDBG
- ✓ CCDF, State Pre-K, and CACFP in same agency
- ✓ Requiring providers serving children on subsidy to participate in QRIS
- ✓ Functioning SAC

TOP 10 STATES



In the top 10 states, Governors have made efforts to group related programs together to promote coordination, most require participation in QRIS for providers serving children on subsidy, all have state pre-k programs, 5 transfer TANF funds to CCDBG, 3 applied for and received EHS-CCP grants and all have SACs.

State	Rank	Total Score	Base Score	Bonus Score
Maryland	1	57	47	10
Washington, DC	1	57	47	10
Arkansas	3	52	47	5
Georgia	3	52	42	10
New Mexico	3	52	42	10
Pennsylvania	6	51.5	31.5	20
North Carolina	7	48	40	8
Montana	8	47	39	8
Louisiana	8	47	42	5
Washington	8	47	37	10

BOTTOM 10 STATES



In the bottom 10 states, more agencies are generally involved, 8 states did not transfer TANF funding to CCDBG, 7 states house CCDF, state pre-k, and CACFP in different agencies, 4 states do not have a functioning SAC, 3 states do not have a QRIS, 3 states do not have a state pre-k program, 2 states did not draw down all their CCDF matching dollars, and 2 states split CCDF subsidy and quality administration among different agencies.

State	Rank	Total Score	Base Score	Bonus Score
Hawaii	40	22	17	5
New York	40	22	14	8
Arizona	42	21.5	16.5	5
Nevada	42	21.5	16.5	5
Mississippi	44	20.5	12.5	8
Missouri	45	17	12	5
Idaho	46	16.5	21.5	-5
South Dakota	47	15	15	0
Kansas	48	12	17	-5
Wyoming	49	10	10	0
Texas	50	9	4	5



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RECOMMENDATIONS



- **Program Administration.** Appoint an independent review board to complete a business analysis and develop concrete recommendations to improve ECE program administration and governance at the state level.
- **SAC Function.** Ensure the SAC is fulfilling its statutorily defined responsibilities.
- **Head Start Collaboration Office.** Review the placement of and requirements for the State Head Start Collaboration Office to ensure alignment of Head Start with other state ECE efforts.
- **Licensing & QRIS.** Ensure licensing is the foundation for the state QRIS.



- **Coordinated Monitoring.** Ensure monitoring is coordinated between the child care licensing agencies, CACFP, and QRIS systems.
- **Unique Child ID.** Consider assigning each child a unique identifier number at birth or when the child enters the state's ECE system to improve data and child counts.
- **Data Integration.** Support or create an early childhood integrated data system (ECIDS).
- **Family Input.** Conduct hearings or focus groups with families to identify barriers to services.



- **Align Eligibility.** Align early childhood eligibility requirements, including income ranges and prioritization, across ECE programs.
- **Head Start flexibility.** Amend the Head Start Act to allow Head Start grantees to redirect funds from Head Start to Early Head Start when the state offers free Pre-K to 3- and 4-year-olds.
- **Review IDEA Part C and Section 619 Transition.** Conduct committee hearings on programs that serve children with disabilities to identify barriers to families transitioning from one program to another.
- **Early Intervention System Alignment.** Consider a birth-to-age-5 alignment of IDEA Part C and Part B to allow families with young children to maintain eligibility until school entry.



- **Flexibility for Administration of Section 619 preschool children with disabilities program.** Authorize governors to move the administration of IDEA Part B, Section 619 to align with other ECE programs.
- **Child Care Health & Safety.** Require all TANF funds spent on child care, to meet CCDBG requirements, including data reporting.*
- **Head Start Collaboration Office.** Conduct hearings on the effectiveness of the Head Start Collaboration Offices.

*Note: TANF funds *transferred* to CCDBG are required to follow CCDBG rules, but not funds spent directly from TANF on child care. Beyond basic health & safety rules, TANF funds spent directly on child care are not subject to any data reporting requirements (e.g., the number of children served, the setting in which they are served, average payments, etc. that are required under data reporting for CCDBG).



- **HHS Report on SACs.** Require HHS to report to Congress on the status of SACs and of activities undertaken jointly by SACs and Head Start Collaboration Offices.
- **GAO SAC Study.** Request a GAO study of activities undertaken by SACs, including whether these councils are meeting their statutorily defined objectives.
- **GAO State ECE Administration Study.** Request GAO to study state administration and alignment of ECE programs and state administrative expenditures.

Note: Previous GAO studies have only reviewed federal agencies.

CONCLUSIONS:



- While Congress and the Federal Agencies are blamed for the fragmentation, duplication, and overlap, much responsibility rests with states.
- Governors should call for independent reviews of their state ECE administration.
- Still, Congress and the federal agencies can do more:
 - Federal agencies are in danger of losing ground and should immediately reinstate and expand the Interagency Policy Committee.
 - For its part, Congress should consider how to align eligibility requirements in the various statutes to help families seeking early care and education services.



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NEXT STEPS



- **Determine the need within each state and the gap in services.**
- **Clearly define**
 - **Preschool**
 - **Quality**
 - **School readiness**
- **Determine the cost:**
 - **Improving the current supply of ECE**
 - **Filling the gap**

Note: Must be completed before we can determine who will pay.

Supporting Early Learning Through Blended Funding



May
2019



Early Learning Blended Funding in Missouri

Blended funding occurs when two or more funding sources are pooled to support educational costs to ensure consistency, eliminate duplication of services, allow for maximum flexibility of funds, and reduce burden.



Early Learning Funding Sources

Early Childhood Special Education (ECSE)

Foundation Formula

Missouri Preschool Program (MPP)

Title I Preschool Services

Child Care Subsidy

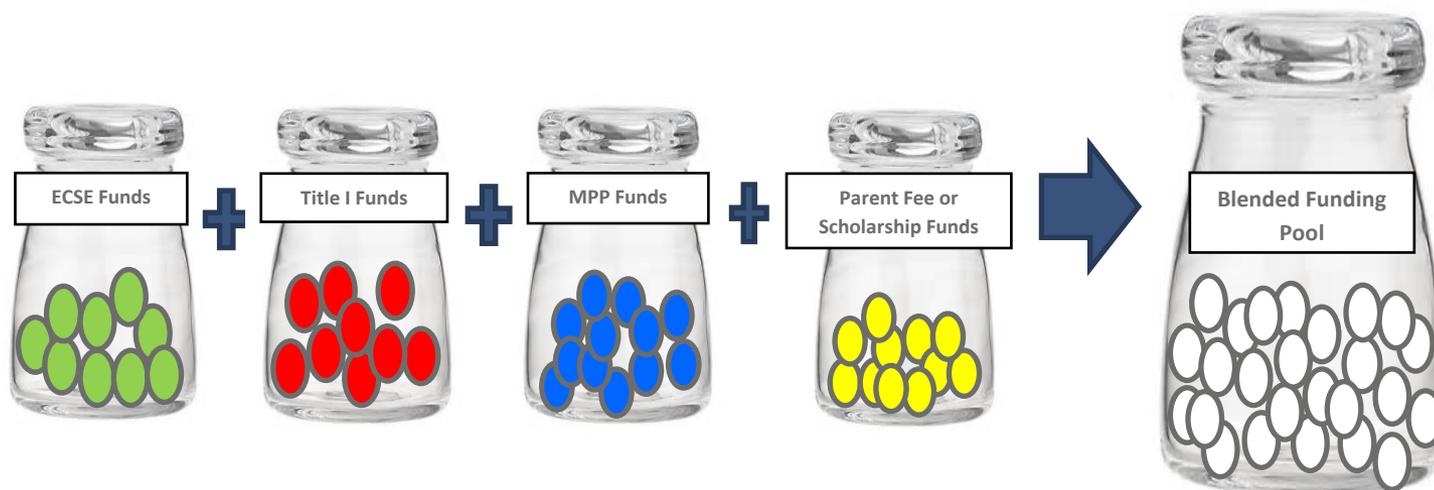
Head Start

Local Funding

Parent Fee



Early Learning Blended Concept





Benefits of an Early Learning Blended Program

Consistent expectations for staff

A more inclusive learning environment

Better use of space

Less burden for tracking and reporting

Maximum flexibility

Smooth transitions to K-12



Missouri's Steps for Creating an Early Learning Blended Program

Identify existing funding sources

Negotiate at the Federal level

Develop a set of requirements

Create a system of reporting

Inform LEAs



Requested Waivers at the Federal Level

NCLB Section 1114(a)(1).

Allow LEA to reserve its entire Title I allocation for early learning.

Exclusion of any kind of scholarships or parent participation fees from the IDEA Maintenance of Effort calculation.



Early Learning Blended Funding Requirements

Eligible children

Class size and staffing

Curriculum

Parent involvement

Parent advisory committee

Licensure and accreditation



Streamlining Processes

Created a timeline to meet state and federal reporting requirements.

Expenditures use one accounting code.

Staff are reported to an Early Learning Blended code.

Uniform Grant Guidance (UGG) requirements are met as a single program.



LEA Reporting

Plan and Budget Application:

- Cost of the program
- Funding sources
- Number of slots assigned to each funding source
- Contributions of each funding source
- Percentages of contributions
- Number of FTEs
- Projected expenditures



LEA Reporting

Payments and Final Expenditure Reports:

- Expenditures made to date
- Amounts and percentages to be paid by funding source
- Final payment by funding source is based on priority



Blended Funding Detail Report

Payment Distribution Across Funding Streams

	T1	ECSE	Local Tax Revenue	OTHER	TOTAL
Amount Budgeted	\$22,168.00	\$5,542.00	\$0.00	\$0.00	\$27,710.00
Amount Paid To Date	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Allocation	\$22,168.00	\$5,542.00	\$0.00	\$0.00	\$27,710.00
Payment Request Percentage	80.000000%	20.000000%	0.000000%	0.000000%	100.000000%
Portion Of Funds Requested	\$8,984.92	\$2,246.23	\$0.00	\$0.00	\$11,231.15



Reporting Title I Carryover Funds

Unspent Title I funds contributed to the Early Learning Blended budget will return to Title I as carryover in the subsequent year.



LEA Reporting

Final Program Report:

- General site information
- Classroom information
- Parent education/involvement
- Program evaluation & planning
- Success stories



LEA Challenges

- Identifying estimated costs**
- Implementing a fee structure**
- Staffing (EC vs ECSE)**
- Taking the first step**



Department Challenges

Continued collaborations

Timing for state and federal reporting

Keeping reporting and payment systems responsive

**Incorporating other funding sources outside the
Department**



Wishes for the Future

An more inclusive environment for all children.



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California Perspective

Blending Funding to Support Early Learning and Care

May 31, 2019

California Early Learning and Care

State Child Care Licensing (Department of Social Services)

- 14,814 centers serving 783,219 children
- 28,283 homes serving 295,581 children

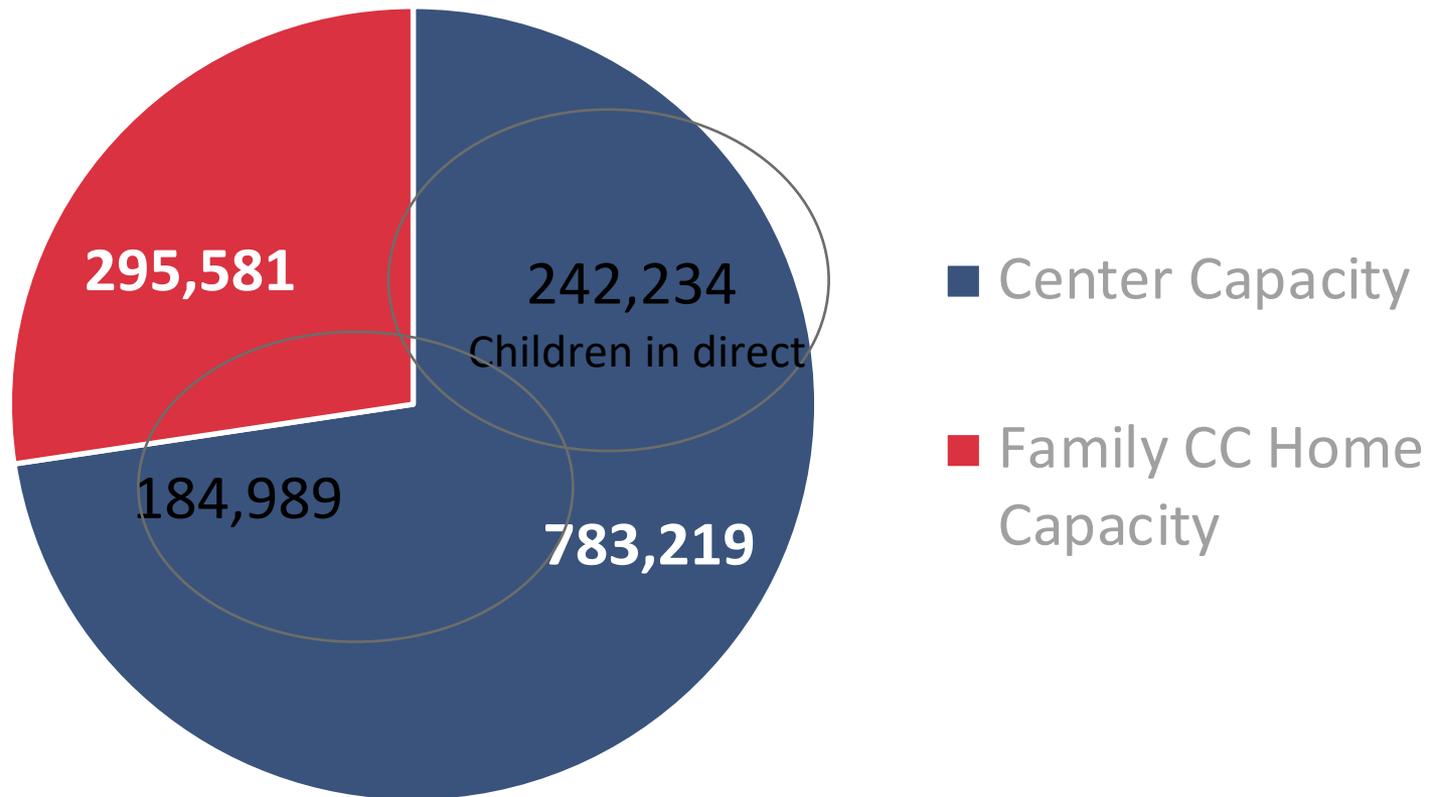
State Direct Service Contracts: 242,234 children

- State Preschool – part day (119,360 children)
- State Preschool – full day (65,118 children)
- Child Development centers (54,082 children)
- Migrant Child Care centers (3,590 children)
- Severely Disabled centers (174 children)

State Voucher Contracts: 184,989 children

- CalWORKs Stage 2 (89,070 children)
- CalWORKs Stage 3 (53,187 children)
- Alternative Payment (42,732 children)

Children in Early Learning and Care



CA's History of Blending and Braiding Funding

Long history started with braiding federal Head Start (HS) funding with part-day State Preschool (CSPP)

- Both started in 1965
- It wasn't until Temporary Assistance for Needy Families was enacted (1996) that collaboration between both was needed.
 - For Head Start, the issue was duration of services
 - For CSPP, it was comprehensive services and a declining reimbursement rate

Head Start – State Preschool Collaboration

Combined programs:

- Follow Head Start Program Performance Standards
- Met state requirements for:
 - Licensing (e.g., health and safety)
 - California Department of Education (Title 5)
 - ❖ Education staffing qualifications and ratios (e.g., 1:8)
 - ❖ Child assessment (Desired Results Developmental Profile)
 - ❖ Environment Rating Scale

Frequently Asked Questions at

<https://www.cde.ca.gov/SP/cd/re/faqlayeringprograms.asp#accordionfaq>

Blending/Braiding/Layering/ Stacking State and Federal Funds

Funding guidance provided in annual Attendance & Fiscal Reporting & Reimbursement Procedures document found at <https://www.cde.ca.gov/fg/aa/cd/index.asp>

Section on Head Start Partnerships that covers:

- Using HS to provide full-day CSPP
- Using Early HS (EHS) or EHS Child Care Partnership (CCP) with CA infant/toddler contract (CCTR) to extend service or to enhance services

Challenges as a state EHS- CCP Grantee

State process does not allow our Infant Toddler Office to disperse funding to contractors

The state bid/purchase order process does not work for purchasing materials and supplies for EHS-CCP contractors

Resolution: Increase per child allocation (per grant) to include additional funds for materials and supplies

Note: Non-fiscal challenge: Finding eligible children that meet Federal Poverty Level due to state increase in minimum wage

Federal Office of Head Start Guidance

Layering Services and Costs

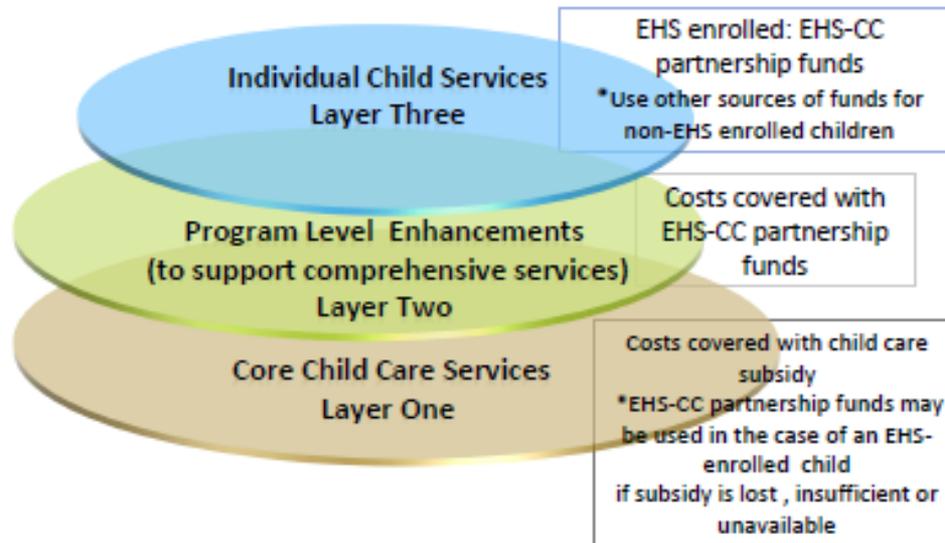




Table Discussion

Share with your colleagues any attempts or successes you have had in braiding and blending funding within your agency.

Schedule

- **11:30am – 11:45am: Break**
- **11:45am – 12:45pm: Lunch and Networking (Centennial A & Terrace)**