



FEDERAL AND STATE FUNDING FOR CHILD CARE AND EARLY LEARNING

Early childhood professionals, such as child care providers, teachers, and consultants, receive federal and state funding to provide a variety of services to children in low-income working families. Federal and state funding for early childhood services are available through a complex maze of funding streams and government agencies. The following are some quick facts about early childhood services and the funding streams that support these services.

- Most federal funds are granted to State agencies to provide statewide services. Some federal funding is provided directly to local public and private entities.¹
- Federal and state funding for child care services is also provided directly to parents via tax credits. Some States have established business tax credits to support child care providers directly. There are also tax credits available for businesses that sponsor child care for their employees.
- The Federal and the State Departments of Education fund public (schools) and private (schools and child care programs) entities to provide early learning services to children in low-income families. The U.S. Department of Education (ED) also provides grants to selected Race to the Top – Early Learning Challenge (RTT-ELC) fund States to improve early learning and development programs for young children through comprehensive early learning education reform.
- The U.S. Department of Health and Human Services (HHS) provides grants to local public and private nonprofit and for-profit agencies through the Head Start and Early Head Start programs to provide early learning services to children in low-income families.
- In addition to funding early learning programs through Head Start, HHS also funds child care services for low-income working families. An estimated 2.4 million children received child care services through federal funding streams in an average month in FY 2009 (Office of the Assistant Secretary for Planning and Evaluation, 2012).
- Federal funds are also available through the U.S. Department of Agriculture (USDA) to provide nutritious meals and snacks to children in child care programs. Approximately 3.3 million children receive nutritious meals and snacks through the Child and Adult Care Food Program (CACFP) each year.

¹ Some of the Federal funding streams listed in this document (TANF, CCDF, CCAMPIS) also fund child care for school-age children during out-of-school times. There are additional federal and state funding streams that help fund services for school-age children during out-of-school time (such as 21st Century). Additional information about out-of-school time funding sources is available at <http://www.findyouthinfo.gov/>.

- The majority of the federal and state funding is used to provide direct services to children and families but some funds are used to improve the overall quality of the services provided by early care and education programs, including the funding of technical assistance and training.

The following table summarizes available data for the major federal and state early care and education funding streams in the United States.

Table 1. Federal and State Early Care and Education Funding Streams

| Federal and State Funding Sources | | | |
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| Programs | Amount of Funding | Number of Children Served | Comments |
| Child Care and Development Fund (CCDF) | Federal Funding - \$5.3 billion State Funding - \$2.0 billion (FY 2014 allocation) | 1.5 million average monthly (FY 2012) | CCDF is administered by the Office of Child Care (OCC) within the Administration for Children and Families (ACF), HHS and provides grants to States, Territories, and Tribes to assist low-income families, families receiving temporary public assistance, and those transitioning from public assistance in obtaining child care so they can work or attend education and training programs. Grantees must serve children younger than 13 years, however, some grantees may also elect to serve children ages 13 to 19 who are physically or mentally incapacitated or under court supervision. http://www.acf.hhs.gov/programs/ccb/ccdf/factsheet.htm |
| Preschool Development Grant Program | \$250 million (FY 2014 estimate) | To be determined | These grants will help States, local education agencies, and local governments build the fundamental components of a high-quality preschool system or expand proven early learning programs. To be eligible for funding, prospective grantees must describe how they will expand access to children from low- to moderate-income families, ensure an adequate supply of high-quality preschool slots and qualified teachers, monitor for continuous improvement, partner with local education agencies and other providers, and sustain high-quality services after the grant period. http://www2.ed.gov/programs/preschooldevelopmentgrants/index.html |

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| Programs | Amount of Funding | Number of Children Served | Comments |
| Federal Child and Dependent Care Tax Credit (CDCTC)² | \$3.3 billion claimed by taxpayers (tax year 2010) | \$6.2 billion claimed by taxpayers (tax year 2010) | The Federal CDCTC helps families meet their child and dependent care expenses. Families can use any type of child care (such as a center, family child care [FCC] home, or a neighbor or relative's house). The care must have been provided for one or more qualifying persons (dependent child age 12 or younger when the care was provided). http://www.irs.gov/newsroom/article/0,,id=106189,00.html |
| Head Start/Early Head Start³ | Federal Funding - \$8.6 billion (FY 2014 expenditure) | 1,034,000 (2012-2013 school year) | The Office of Head Start, within HHS, provides grants to local public and private nonprofit and for-profit agencies to administer Head Start and Early Head Start programs. These programs provide child-focused services to children from birth to age 5, pregnant women and their families, and have the overall goal of increasing the school readiness of young children from low-income families. http://transition.acf.hhs.gov/programs/ohs |

² Additional tax credits are also available to businesses that support child care programs.

³ Some States also use state funds to fund Head Start programs (2010 – 2011 school year: State Funding = \$144 million).

| Federal and State Funding Sources | | | |
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| Programs | Amount of Funding | Number of Children Served | Comments |
| IDEA: Early Intervention Program for Infants and Toddlers with Disabilities (IDEA Part C) | \$438.5 million (FY 2014 appropriation) | 338,932 (FY 2013) | The <i>Individuals with Disabilities Education Act of 2004 (IDEA)</i> authorizes formula grants to States and discretionary grants to higher education institutions and nonprofit organizations to support demonstrations, research, parent training and information centers, technology and personnel development, and technical assistance and dissemination within the State. Part C of the IDEA (also known as the Early Intervention Program for Infants and Toddlers with Disabilities) provides grants to States to serve infants and toddlers (ages birth through 2 years) who have developmental delays or have been diagnosed with a physical or mental condition that may result in developmental delays. The Office of Special Education and Rehabilitative Services, within ED, administers the IDEA grants, including Part C grants. http://www2.ed.gov/about/offices/list/osers/index.html |
| IDEA: Preschool Grants for Children with Disabilities (IDEA Part B) | \$353.2 4 million (FY 2014 appropriation) | 730,558 (FY 2011) | The <i>Preschool Grants for Children with Disabilities</i> program is authorized under Section 619 of Part B of IDEA and is administered by the Office of Special Education and Rehabilitative Services within ED. It was established to provide grants to States to serve young children with disabilities, ages 3 through 5 years. http://www2.ed.gov/about/offices/list/osers/osep/index.html |

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| Programs | Amount of Funding | Number of Children Served | Comments |
| Military Child Development Program | \$532 million (FY 2007) (Updated information is not available) | 175,000 approx. (FY 2007) (Updated information is not available) | The U.S. Department of Defense spends more than \$530 million annually to provide child care services to military personnel, making it the largest employer-sponsored child care program in the United States. These services are provided to military families through both child development centers and FCC homes. http://www.defense.gov/news/QRMCreport.pdf |
| Race to the Top – Early Learning Challenge (RTT- ELC) | \$370 million (FY 2013 funding) | 211,000 (based on pre-k enrollment in 6 grantee states) | RTT-ELC are competitive grants offered to States to improve their early learning and development programs through comprehensive early learning education reform. Nine States (CA, DE, MA, MD, MN, NC, OH, RI, WA) won funding through Phase 1 in FY 2011, five states (CO, IL, NM, OR, WI) won funding through Phase 2 in FY 2012, and six states (GA, KY, MI, NJ, PA, VT) won funding through Phase 3 in FY 2013 of the RTT–ELC that would provide funds to certain States that applied for, but did not receive, funding under Phase 1. http://www2.ed.gov/programs/racetothetop-earlylearningchallenge/index.html |

| Federal and State Funding Sources | | | |
|--|--|---------------------------|--|
| Programs | Amount of Funding | Number of Children Served | Comments |
| Social Services Block Grant (SSBG) | \$238 million (direct child care spending) (FY 2012 expenditure) | Information not available | SSBG is administered by the Office of Community Services within HHS and provides grants to States to fund a broad range of social services within the State. Each State has the flexibility to determine how funds are distributed among services, what services are provided, and who is eligible for services. Some of the SSBG fund is used to fund child care services directly and part of the SSBG funds are transferred to Temporary Assistance for Needy Families (TANF) to provide child care services. http://www.acf.hhs.gov/programs/ocs/ssbg/about/factsheets.htm |
| State Child and Dependent Care Tax Credit (CDCTC) | Not Available | Not Available | Twenty-eight States have created a tax credit similar to the Federal CDCTC. In 13 of these States, the tax credit is refundable. The eligibility criteria for the tax credit vary by State. http://www.nwlc.org/our-issues/tax-%2526-budget |

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| Programs | Amount of Funding | Number of Children Served | Comments |
| State-Funded Prekindergarten ⁴ | \$5.39 billion (2012 – 2013 school year expenditure) | 1.34 million (2012-2013 school year) | An early learning program funded by state general revenue funds to increase access and improve quality; it invests public resources in state-funded preschool education. The funding often goes to local school districts for programming that emphasizes school readiness. http://nieer.org/yearbook |
| Temporary Assistance for Needy Families (TANF) | \$2.5 billion (transfer) \$1.36 billion (direct) (FY 2013 expenditure) | Information not available | TANF is administered by the Office of Family Assistance within HHS and provides grants to States, Territories, or Tribes to assist families with children so children can be cared for in their own homes; reduce welfare dependency by promoting work, job preparation, and marriage; reduce and prevent out-of-wedlock pregnancies; and to encourage the maintenance and formation of two-parent families. States, Territories, and Tribes may transfer TANF funds to CCDF or directly spend funds on child care. http://www.acf.hhs.gov/programs/ofa/tanf/about.html |

⁴ There is some duplication between state-funded prekindergarten and State CCDF funds since many States use prekindergarten funding as Match for the CCDF program.

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| Programs | Amount of Funding | Number of Children Served | Comments |
| Title I Preschool | \$14.4 billion (FY 2014) appropriation | Not available | Many school districts support preschool programs with their Title I (Education for the Disadvantaged) funds. More than 50,000 public schools across the country use Title I funds to provide additional academic support and learning opportunities to help low-achieving children master challenging curricula and meet state standards in core academic subjects. http://www2.ed.gov/programs/titleiparta/index.html |
| Early Head Start-Child Care Partnership | \$500 million (Initial Grant Funding FY 2014) | TBD | These grants will allow new or existing Early Head Start programs to partner with local child care centers and FCC providers serving infants and toddlers from low-income families. These grants will support States and communities as they expand high-quality early learning opportunities to infants and toddlers through EHS-CC Partnerships. The partnerships will support working families by providing a full-day, full-year program so that children in low-income families have the healthy and enriching early experiences they need to realize their full potential. http://www.acf.hhs.gov/programs/ecd/early-learning/ehs-cc-partnerships |

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*The Child Care State Systems Specialist Network does not endorse any non-Federal organization, publication, or resource.

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