



EARLY CARE AND EDUCATION STATE BUDGET ACTIONS FY 2011

SUMMARY OF FINDINGS

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The National Conference of State Legislatures' (NCSL) Early Care and Education State Budget Actions FY 2011 finds that, from FY 2010 to FY 2011, state appropriations were generally stable, with increases to prekindergarten, home visiting and other early childhood initiatives and a 2 percent decrease to child care. The analysis is based on the overall picture of decisions made in child care subsidy programs, state prekindergarten programs, home visiting funding, and appropriations to any other early childhood initiatives that states identify, as well as highlights from state appropriations.

ABOUT THE DATA

Findings from data collected are based on survey results obtained from 48 states. To gather the information, NCSL surveyed legislative fiscal offices in the 50 states and the territories regarding child care, prekindergarten, home visiting and other early childhood initiatives funding. The summary includes an analysis of survey findings, comparing FY 2010 expenditures to FY 2011 appropriations. This data is a snapshot in time; it does not reflect all budget adjustments made after state budgets were enacted. Specific category data and individual state profiles can be found on NCSL's website. The profiles and web-based information track and analyze trends in state decisions and funding choices in these areas since FY 2008.

States use a variety of funding sources. In child care, states reported using state general funds (for most states this includes state general funds for state maintenance of effort and match), Temporary Assistance for Needy Families' (TANF) transfer or direct funds used to fund child care services, tobacco settlement money, local match, taxes, and licensing fees. States also reported on any federal Child Care and Development Block Grant funds and American Reinvestment and Recovery Act (ARRA) money they received.

For prekindergarten, states reported using general funds; school aid formula; dedicated funds, which included tobacco and lottery-specific taxes; and state decisions about use of federal sources, including ARRA, Title I and TANF. For home visiting programs, states reported using general funds in addition to tobacco, TANF, Medicaid, IDEA Part C, federal child welfare and private funds. A few states also reported on appropriations from the federal Maternal, Infant, and Early Childhood program, which is a new funding source for home visiting. For other early childhood initiatives, states reported using general funds in addition to tobacco, TANF, Medicaid, federal child welfare funds and public-private partnership funds.

Forty-eight states responded to one or more sections of the survey. Forty-four states reported child care information; 35 reported prekindergarten information; 40 reported home visiting information and 37 reported other early childhood appropriations. Specific state and category information and 50-state profiles of data from FY 2008 to FY 2011 are available in 50-state charts online at www.ncsl.org/default.aspx?TabId=22343.

Charts available include:

- 50-state child care
- 50-state prekindergarten
- 50-state home visiting
- 50-state other early childhood; and
- State-by-state chart of appropriations for each year beginning in FY 2008.



SURVEY FINDINGS

Overall, early care and education funding was stable. In FY 2011, overall state appropriations to early care and education were up by almost 1.5 percent (\$277 million). This includes prekindergarten, child care, home visiting and other investments such as infants and toddlers, early childhood partnerships and early childhood mental health.

ARRA impact was important again. States were able to draw on federal American Recovery and Reinvestment Act (ARRA) funds, including money appropriated to the federal Child Care and Development Block Grant for child care access and quality. Other ARRA sources from the education and fiscal stabilization funds also could be used. States appropriated a total of \$653 million from ARRA, primarily for child care; significantly smaller appropriations were made for prekindergarten programs and home visiting. Fewer states allocated ARRA funds in FY 2011 than in FY 2010. It is likely that, in those states, more ARRA funds were spent in FY 2010 to avoid cuts.

Prekindergarten: Surprising upward trend. State prekindergarten programs fared best overall, with an increase of \$394 million. The prekindergarten finding indicates the importance of this program to states. Since states were free to appropriate funds as they chose, these programs likely were considered for cuts, particularly because several years of recession have taken a toll on many areas of state budgets. States mostly did not cut, and survey findings from the past few years show a continued increased investment in some states.

Home visiting rebounds. Home visiting programs, representing a much smaller component of early childhood funds, showed a move to the black. Of the 40 states that reported home visiting funding, 27 increased home visiting, resulting in a small overall increase. After home visiting funding had expanded in previous fiscal years, FY 2010 showed it to be the hardest hit in terms of percentage cuts, at 10 percent.

FUNDING BY CATEGORY

- **Child care.** Funding to child care in FY 2011 was down by 2 percent. The total appropriations to child care from reporting states were \$12.1 billion. Funding for child care may include a mix of Child Care and Development Block Grant funds, state general funds, TANF, ARRA and other funds. The overall picture was mixed: 21 states increased funds, 22 decreased, and one maintained. A deeper look into the specific funding sources for child care shows that reductions were most prevalent in general funds, which were down by \$318 million, and ARRA, which was \$268 million lower than the previous year.
- **Prekindergarten funding.** Among early care and education programs, prekindergarten fared best overall. Prekindergarten had the largest increase—\$394.5 million; of that, \$213 million came from general funds. Of the 35 states reporting, 18 states increased funding, 11 decreased funding and five maintained funding at FY 2010 levels. One state did not provide enough information for comparison.
- **Home visiting.** Of the 40 states that reported appropriations to home visiting in FY 2011, 27 increased funding, six maintained funding and seven decreased funding for a total 1 percent increase. New federal funds from the Maternal, Infant, and Early Childhood Home Visiting program will boost state home visiting programs in the coming years.



- **Other early childhood appropriations.** Survey results from 37 states showed an increase in total appropriations of \$126 million from FY 2010 to FY 2011. Eighteen states made increases, nine made decreases and nine maintained funding. Most of the increase came from Arizona's tobacco tax; some also were the result of public-private partnerships. Decreases were reported for First 5 California and a mix between parent education, early childhood mental health, early intervention services funding and Head Start state appropriations.

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