Because of an increasingly challenging fiscal climate, state lawmakers are faced with making tough financial decisions regarding their early childhood systems. This document describes and examines various funding sources used when making decisions about possible early childhood initiatives combined with policy choices that may be considered in times of fiscal stress. The report highlights a range of funding and policy approaches for legislators and other policymakers to consider when developing a law, policy, or budget action. The report further outlines strategic fiscal and policy questions. The sources of funding for early care and education include: (1) federal funds (Child Care and Development Fund, Temporary Assistance to Needy Families, Head Start, Early Head Start, Child and Adult Care Food Program, Social Services Block Grant, and Individuals with Disabilities Education Act); (2) state funds (general fund appropriations, tobacco settlement revenues, special taxes, family leave revenue sources, business tax credits, loans and grants, lotteries, gaming revenues, and special fees); (3) local sources (financial match or in-kind donations); and (4) philanthropic foundations. Next, policy choices are examined related to selecting a legislative focus; coordinating programs and funds; addressing program quality through teacher education and training, accreditation, or other standards; addressing the supply of early education programs; making choices within the child care subsidy system related to eligibility, copayments, and reimbursement rates; and investing in prekindergarten programs. Issues to consider in early childhood education policy are then delineated. The report concludes with key resource information designed to aid in the development of legislative proposals. (Contains 34 endnotes.) (KB)
Funding and Policy Choices in a Changing Fiscal Environment

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Introduction

Fiscal Reality

States are grappling with difficult fiscal times. According to a recent National Conference of State Legislatures (NCSL) survey, 41 states and the District of Columbia faced budget shortfalls for FY 2004. Because of this challenging fiscal climate, state lawmakers are faced with making tough fiscal decisions regarding their early childhood systems. Specifically, states are making difficult decisions about allocating funds to effectively manage their system in terms of eligibility, copayments, child care provider reimbursement rates and improving child care quality. According to a recent General Accounting Office survey, 35 states made changes to their child care programs, with almost half of the states decreasing assistance availability. Another recent national report maintains that at least 32 states have—or will consider in 2004—reduced income eligibility, increased copayments to parents, reduced provider payments and reduced funding to improve child care quality. Scheduled 2003 reauthorization of federal programs that contribute to early childhood education may affect funding levels and requirements for states.

Key Research

State legislators and other policymakers are recognizing the increasing evidence that shows the positive effects of good quality early childhood care and education on a child’s learning and behavior. Recent research links good early childhood care to future positive outcomes of school success, better jobs and less crime. Even in challenging budgetary times, state lawmakers are exploring options for funding and coordinating early childhood services to promote the positive short- and long-term effects on children and families.

State legislators have financing options to consider when developing early care and education policy, including federal and state funds; tax strategies; and local, business and other alternative revenue sources. This document is designed to describe and examine the various funding sources used when making decisions about possible early childhood initiatives combined with policy choices that may be considered in times of fiscal stress. This document highlights a range of funding and policy approaches for legislators and other policymakers to consider when developing a law, policy or budget action.
Finally, the document outlines strategic fiscal and policy questions and includes key resource information that is designed to be useful in the development of legislative proposals.

**Sources of Funding for Early Care and Education**

**Federal Funds**

States rely on a variety of federal funding sources to build early childhood education programs. These include the Child Care and Development Fund (CCDF), the Temporary Assistance to Needy Families (TANF) block grant, Head Start, the Child and Adult Care Food Program (CACFP), the Social Services Block Grant (SSBG) and the Individuals with Disabilities Education Act (IDEA). The federal contribution to early childhood programs is significant; some programs require no match or a local match and others tie funding to maintenance of effort (MOE) or a state match. Several programs—CCDF, TANF, Head Start, CACFP and IDEA—are scheduled for reauthorization in 2003, which may affect program requirements and funding to states. The interrelationship of these programs is shown in figure 1.

![Figure 1. Federal Funding Sources Available to States for Early Care and Education](image)

**Child Care and Development Fund**

Changes in the federal welfare law in 1996 also changed the federal funding structure of child care. As part of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), child care funding was consolidated under the Child Care Development Block Grant, later called the Child Care and Development Fund (CCDF) in federal regulations.
States receive some funding automatically, while other funding is tied to a state spending or matching requirement.

The CCDF is structured to include mandatory funds, discretionary funds and matching funds. In 2002, $2.7 billion in mandatory funds and mandatory matching funds was available to states. Discretionary funds, which are subject to annual congressional approval, were appropriated at $2.1 billion for 2002. For FY 2003, discretionary funding was reduced by .65 percent as part of an across-the-board cut.

Current federal law gives states flexibility in setting requirements for eligibility (up to a federal maximum), copayment levels and child care provider reimbursement rates. States also are required to spend a minimum percentage of their total allocation on quality initiatives in an effort to improve the quality of care.

Temporary Assistance to Needy Families (TANF)
The TANF block grant was created as part of PRWORA in 1996. States can use TANF funding for child care in two ways. The first is to transfer funding from TANF to the CCDF, a practice implemented by 44 states in 2000. State policymakers transferred TANF funds based on the projected need for child care subsidies balanced with the size and needs of the welfare caseload. The second option is to spend TANF funds directly from TANF for families that need child care subsidies, without making a transfer. In both cases, the rules of the block grant that is being used apply. Total funding transferred in 2000 was $3.9 billion. Current law imposes limits on the maximum amount that can be transferred and includes technical requirements in the TANF program that affect families’ time limits and how the funding may be used. States also can use their child care MOE to satisfy their MOE for the TANF program.

Head Start and Early Head Start
Head Start and Early Head Start are comprehensive early childhood programs that serve children from birth to age 5, pregnant women, and their families. Head Start, which began in 1965 as a federally sponsored preschool program, has grown to serve children at early ages and to provide comprehensive services related to health, education, parental involvement, nutrition, social, and others to help children reach their potential and be ready for school. The Early Head Start component was created in 1994 to serve infants and toddlers. In 2002, 912,345 children were enrolled in Head Start programs across the country at an average cost per child of $6,934. Head Start is scheduled for reauthorization in 2003.

Under current law, the federal Head Start Bureau administers the program with grants awarded directly to local public agencies, nonprofit organizations, for-profit organizations, Indian tribes and school systems. Congress appropriates program funding annually; funding for FY 2002 was $6.5 billion. The funding includes grants to local communities, grants for research and impact studies, and collaboration grants. Funding requirements include a 20 percent local matching requirement and a 15 percent cap on administrative costs. Other current Head
Start requirements include collaboration with child care and preschool programs—among others—for quality full-day, full-year services.

**Child and Adult Care Food Program (CACFP)**
The CACFP program, administered by the Food and Nutrition Service (FNS) of the U.S. Department of Agriculture, makes grants to states to reimburse child care centers, homes and other facilities for meals served to all eligible individuals. The program generally is administered by state education agencies but may be administered in a public health or social services department. In the child care context, children must be eligible for free and reduced lunch (at either 130 percent or 185 percent of the federal poverty level [FPL]). The program provides meals and snacks to 2.6 million children daily. In 2001, reimbursements for meals totaled $1.7 billion. Early childhood education providers are reimbursed per meal based on child eligibility and on meeting federal nutrition guidelines.

**Social Services Block Grant (SSBG)**
The SSBG is a general funding stream that may be used for a variety of social services for children and adults. The funding, originally created in 1975, was later named the Social Services Block Grant. States have authority to determine what kinds of services to fund and may determine eligibility levels for those services up to a maximum of 200 percent of FPL. States may, for example, choose to fund child care, child welfare or foster care services, protective services for adults, and health services, among other permitted uses. In FY 2000, states spent $2.75 billion in the block grant, including 37 percent transferred from TANF. Forty-three states used a total of $397 million in SSBG funds for child care services. No state match is required to receive the block grant. In addition, current law allows states to transfer up to 10 percent of the TANF funds to the SSBG.

**Individuals with Disabilities Education Act (IDEA)**
IDEA, originally implemented in 1975, provides grants to help states to pay the costs of special education and related services for children with disabilities. Funds are allocated based on a census formula and other variables. Funding can be used for services to infants and toddlers with disabilities (Part C of the federal law) and preschoolers with disabilities (Part B, Section 619). In 2001, more than 230,000 infants and toddlers and an additional 598,000 preschoolers participated. Funding for services under parts B and C for 2002 was $417 million for infants and toddlers and $390 million for preschool-age children.

**State Funds**

**General Fund**
In many cases, states are using general fund appropriations to fund early care and education programs. The state may be funding specific state initiatives, using state funds to match federal funds, or supplementing Head Start funding for low-income children. As state revenues decline and reductions are made in available spending, many states have begun to search for alternative funding sources (figure 2).
Tobacco Settlement Funds
Several states currently spend a portion of their tobacco settlement funds on early childhood care and education services. In 2001, Alabama allocated $42.5 million of tobacco settlement revenues to the Children’s Trust Fund and directed some of the funds to child care initiatives. Other states have used tobacco settlement funds for a wide range of early childhood services, including additional child care subsidies, higher income eligibility ceilings and reimbursement rates for subsidized care, quality improvement grants, and provider training. In FY 2003, states allocated $310 million of tobacco settlement funds to children and youth programs.

Special Taxes
States may consider creating an alcohol or tobacco tax and directing part or all of these funds to early childhood services. The tax may be temporary, and the state may designate a local entity to determine how the funds will be allocated. Another option is to create a voluntary income tax checkoff related to child care or early childhood education. This may be appealing to voters because a taxpayer’s participation is entirely voluntary. For the same reason, however, participation may be low or funding may decline after the first few years when public interest has decreased or other checkoffs have been added. A third option is to create a child care contribution tax credit, which is also voluntary but may encourage private giving to local child care programs.

Family Leave Revenue Sources (Temporary Disability Insurance, Benefits Insurance and At-Home Infant Care)
States may use a variety of funding sources to support parental leave in order to care for children at home. One option is temporary disability insurance (TDI), which provides partial wage replacement for employees who are temporarily disabled for medical reasons, including pregnancy- or birth-related medical reasons. Five states—California, Hawaii, New Jersey, New York and Rhode Island—and Puerto Rico have state-administered TDI systems or require employers to offer TDI. Benefits generally are funded through some contribution of an employee/employer shared payroll tax.

California enacted legislation in 2002 to expand TDI to provide up to six weeks of wage replacement benefits for employees who take time off from work to care for a seriously ill child, spouse, parent or domestic partner or to bond with a new child. The Paid Family Leave Program, which will begin in 2004, will be fully funded by employee payroll deductions.
Another option for states is to subsidize voluntary, employer-provided paid leave. Funding for this type of program could include general funds, employer contributions and employee contributions, and it has the potential to address employers’ cost concerns and encourage more leave options for employees. Another option states may consider is to provide subsidy payments to parents who stay at home to care for children. An at-home infant care program offers bonding and development benefits to families, as well as financial benefits. In the past, some states have expanded unemployment insurance programs to cover family leave.

**Business Tax Credits**
Some states have offered tax credits to employers that provide or subsidize child care. Most states limit the amount of the total employer expense, and some states also place a maximum limit on the credit. These tax credits are designed to encourage businesses to invest in child care on behalf of their employees. However, in most states that have created employer tax credits, few corporations have taken advantage of the credit.22

**Loans and Grants**
States may choose to provide loans and grants to help ensure an adequate supply of safe early care and education facilities, particularly in low-income communities. In 2001, Hawaii provided $2.5 million for a new initiative to build preschool facilities on public school land and support preschool programs.23 Private sector funds also can contribute to the construction or renovation of facilities. For example, The Rhode Island Child Care Facilities Fund, a public/private partnership spearheaded by Local Initiatives Support Corporation, invested $2 million to develop and improve child care facilities throughout Rhode Island. The fund provides low-interest loans and small grants that support a variety of child care programs.

**Alternative Funding Sources**
One potential funding source for states is the lottery. The Georgia Lottery for Education supports a universal prekindergarten system and covers a variety of program expenses, including staff, materials, equipment and in-service training.16 To date, more than $1.8 billion has been appropriated.17 The Office of School Readiness in Georgia, an independent agency, administers the program.

Gaming is another possible funding source. In Missouri, Gaming Commission Fund revenues are used to support the Early Childhood Development, Education and Care Fund, which contributes to a variety of early childhood programs.18

States also may choose to establish fees and direct the revenues to early childhood programs. In Massachusetts, an “Invest in Children” specialty license plate was developed, and the revenues are directed to a Child Care Quality Fund, which supports teacher training opportunities and the purchase of equipment and materials.19 In 1998, state lawmakers in Kentucky established a Motor Vehicle Registration Child Care Assistance Account. The funds collected may be used for the cost of any type of regulated child care that supports parents who work.20
Local Sources

States may rely on local governments and community agencies to help fund child care and early education. Policymakers have enacted legislation that requires local communities to provide a financial match or in-kind donation to draw down federal or state child care funds. Localities also can act independently by directing property or sales taxes to early childhood funds.

Foundations

Foundations also have played a role by assuming responsibility for an area of early childhood education—such as accreditation initiatives to support programs in communities or the development of "model" child care centers. Foundations such as the Fern Webster Professional Development Fund in Kansas City often focus on quality initiatives. The money supports training for directors of child care centers and tuition costs for early childhood teachers.

Policy Choices in a Fiscal Context

Financing for early childhood education programs offers numerous policy choices for lawmakers to consider. State policymakers may choose to focus on a specific component such as coordination of programs, addressing quality, or management of supply and availability. Legislators also can concentrate on a specific system such as the child care subsidy system, prekindergarten or supplementing Head Start. In some cases, states are using funding to increase the number of children who can participate in early childhood programs. In many cases, however, policymakers must make tough choices to manage within declining appropriations. This section presents options that allow policymakers to consider the needs of young children in the context of funding, eligibility and quality initiatives and to focus on policy choices within specific categories such as the subsidy.

Fiscal Considerations in Developing Early Care and Education Policy

Legislators make policy choices with fiscal considerations in mind. Some fiscal factors that may be helpful in regard to use of federal and state funding sources for early childhood education are listed below.

- Are there any matching requirements for the federal funds that could be used?
- If cuts are proposed, will the state lose both state funds and federal funds if a state match is lost?
- Can other federal programs such as Medicaid, SCHIP or WIC be better utilized to fund services that complement early childhood objectives?
- Is the source of funds a long-term, stable source or a short-term source?
- Is the proposal to be funded with money from the general fund, a fee or a tax-generated fund? How does that affect the appropriation and state revenue?
- What is the effect on the local governments or partnerships, either in funding or implementation requirements?
- Are opportunities available to combine multiple funding sources to achieve the goal?
- Can other partners be found with whom to generate funds for the proposal and to create a positive outcome? Could a new fee be used for multiple purposes?
- How much funding is necessary? How much will be available from the selected source?
- Is a smaller pilot program—that could be expanded when funding is available—an option?
- When will the proposal go into effect? Would delaying the implementation date be helpful or possible?
Choosing a Legislative Focus

After considering the funding options, the next step is to determine the goal of the legislative proposal and then use funding options to meet the goal. In many cases, a funding stream will dictate some limits or restrictions unless the legislative proposal includes a newly designed funding stream for that purpose.

Coordination of Programs and Funds

One approach that many states have taken is to require or encourage coordination among programs. According to a 50-state survey of state laws conducted by NCSL, three out of four states have enacted laws related to early childhood coordination.

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State legislators may choose to take a coordination approach with several goals in mind. One goal may be to increase efficiency. In some states, the legislation focuses on this by requiring agencies to streamline programs. Another goal may be to improve quality, which may be achieved by connecting coordination to quality standards. A third approach may be to focus on improving how families gain access to programs by requiring eligibility systems to be coordinated. State legislatures that enact coordination legislation also may face challenges, such as regulatory differences that exist among programs and measuring outcomes of coordinated programs.

Another approach is to coordinate funds from various sources in order to increase the supply of early education opportunities. For example, Georgia has introduced several initiatives to blend Head Start and prekindergarten classrooms and build collaborative partnerships to provide high-quality, comprehensive preschool services. In Pennsylvania, legislators have allocated funds for collaboration with Head Start to expand full-day, full-year care. States also may choose to coordinate funds to expand services such as parent education and other family support programs.

Addressing Quality

An issue that legislators must face as they consider financing child care and early education programs is how to balance providing availability and ensuring good quality. Key factors of good quality programs include addressing early childhood teacher training and education, teacher compensation, accreditation, and regulations and standards that foster healthy and safe environments.
Early Childhood Teachers

In financing quality efforts, state lawmakers consider teacher education, training and compensation to be central to the level of quality environments for young children. Formal education and specialized training in early care and education has been found to correlate to higher quality classrooms. Many states have addressed teacher education and training for child care and prekindergarten as separate categories that require different levels of education and training for each.

A variety of approaches are being used to increase the level of education and training for teachers. One approach is the Teacher Education and Compensation Helps (T.E.A.C.H.) Early Childhood Project, which was implemented in 1990 in North Carolina to offer scholarships for tuition, books and other education costs. Participants receive increased compensation and are required to maintain their employment for a minimum period of time. The program also provides salary supplements for steady employment and the achievement of specific credentials. States can make choices from several current examples, including a career ladder for teachers, mentoring programs, a trainer/training approval process, and a loan program for teachers who are pursuing additional education or training. As teachers earn advanced education and skills, it is important to ensure adequate compensation to reduce teacher turnover, which can be damaging to continuity for children and disruptive to the early education program.

Accreditation

Many states have considered encouraging program accreditation to improve quality. Accreditation addresses a variety of quality factors in programs and can be an option for states to improve the overall quality of child care or prekindergarten programs. Focusing on accreditation can lead to measurable improvement; the number of programs that are accredited can be documented as the number increases. States have encouraged or required accreditation, implemented rating systems that acknowledge accreditation and other standards, used Head Start program standards, or developed specific state standards. Some states have teamed with foundations to provide funding and assistance to programs that seek accreditation.

Other Standards

Considering quality includes a variety of factors that may be regulated by a state agency or governed by public school standards. Children under age 5 need quality settings in order to achieve positive outcomes in school and later in life. States may want to consider raising standards for quality across programs, not for only one setting or another. Program structure issues that may be addressed include teacher-to-child ratio, class size, and health and safety standards. Teacher classroom skills also can be improved so that teachers can more adeptly address behavior problems or identify mental health or

States may want to consider raising standards for quality across programs, not for only one setting or another.
other risk factors before a child enters kindergarten. Other areas that require funding include facilities with safe equipment and stimulating materials.

**Addressing the Supply of Early Education Programs**

States also may consider the adequacy of the supply of early education programs and steps that can be taken to increase the number of children who can participate. Barriers may exist at the state level that inhibit the increase of supply. These may include lack of funding to purchase facilities, inadequate resources that prevent existing locations from being converted into early education centers, or inadequate reimbursement for particular types of child care.

States have used bonds, tax credits and low-interest loans and loan guarantee programs to finance the creation of more facilities. States also have provided start-up grants and grants to assist with meeting regulations and have created facilities funds for construction and renovation of buildings. A state needs assessment could evaluate remaining barriers that could be addressed. Other options to expand the number of programs that accept the child care subsidy include increasing the reimbursement or making other changes to reduce administrative burdens for child care programs.

**Choices in the Child Care Subsidy System**

The child care subsidy system funded through the CCDF is one component of funding for early childhood education. It also provides opportunities for policy choices. States have the option to subsidize families that are receiving TANF, families that are making the transition from TANF to the work force, and low-income families that are unable to afford child care expenses without a subsidy. The fund provides early care and education to 1.75 million children each month. Several policy options can be considered in the framework of building a coherent system of early education. Some of these options are eligibility, copayments, and reimbursement rates to providers.

**Eligibility**

States have the flexibility to determine income eligibility, which populations to serve or prioritize, and the activities for which the subsidy can be used. Eligibility for child care is set at varying levels, ranging from 39 percent of state median income (SMI) to the current federal limit of 85 percent of SMI. In addition, states have made choices about which families receive priority, such as TANF families or families that are making the transition from TANF into the work force. States also have included requirements regarding accepted work activities and the type of income that satisfies eligibility requirements.

During the last two years, 23 states have reduced eligibility ceilings, while 12 have increased eligibility and 11 states remained the same. In many cases, states do not have funding to subsidize the number of eligible families and, as a result, many of those states have chosen to institute waiting lists for eligible families or are not accepting new applications from particular populations. In contrast, some states have used budget initiatives to reduce waiting lists.
Copayments or Parent Fees
States have the option to establish copayments or parent fees for families that are receiving the child care subsidy. Copayments affect affordability for families but are used to balance the working parent’s responsibility for the cost of care with what a family with limited income can pay. States establish rates for these payments, which generally are based on a sliding fee scale based on family income and size. Some states use additional criteria related to the cost of care or the rate the state is reimbursing the provider. States also may waive the fee or charge only a nominal fee. Copayment policies in states vary greatly in regard to which families must pay and at what level copayments are required. Copayments for child care can affect not only the state budget but also families’ economic well-being, stability of child care for children, parent employment, and provider availability.

Reimbursement Rates
Reimbursement rates to child care providers affect program costs, quality efforts and participation by providers. States have the option to determine the reimbursement rates for child care providers. Many states have used the 75th percentile as the rate at which to reimburse providers. Recent fiscal issues in states have meant no increase—and, in some cases, decreases—in reimbursement to providers.

States have a variety of choices with reimbursement rates. States can set the rates so that they are tiered based on quality, set them at different amounts based on age ranges of children, and can choose when to phase in market rate adjustments. Thirteen states have reimbursement rates that are “tiered” or set at different levels based on quality or other factors such as accreditation or meeting state standards. Rates vary from $21 per day to $76 per day for infants. Rates also may be set to encourage providers to offer care during nontraditional hours and care for special needs children.

Policies related to reimbursement rates can affect the ability of providers to accept the child care subsidy. If the reimbursement is too low, not managed so that providers are paid in a timely manner, or is not adjusted to reflect changes in market rate, providers may not be able to participate. In tight fiscal times, child care providers that serve low-income families and that may have relied on income from other sources such as corporations or other donations may not be able to participate without adequate reimbursement for care.

Prekindergarten
More than 40 states invest state funds in prekindergarten programs for young children. Many of these states provide state funding for prekindergarten programs that complements the child care subsidy program and/or Head Start. Prekindergarten funding may be integrated with child care programs, acting as a funding stream rather than a separate program. However, prekindergarten programs often have specific administration and rules that apply.

Many prekindergarten expansions allow use of state funds to serve children in public schools, Head Start or private child care.
Issues to Consider in Early Childhood Education Policy

- What are the state's overall goals for early childhood education?
- How are the funding streams and administrative structures established to fulfill that goal?
- How many children are participating in early childhood education programs? How many are eligible?
- Does the state policy emphasize quality by investing in teachers, full-day programs and other measures? Does it emphasize serving the maximum number of children with fewer investments in quality?
- How does the current policy affect children of different ages and types of care (i.e., traditional hours, nontraditional hour care, sick child care, centers, family homes, prekindergarten, others)? Are there gaps where early education is unavailable?
- Which policies, if changed, could help your state meet its goals? Would it be eligibility, reimbursement rates, quality initiatives, financing or something else?
- What is the forecast for TANF funding? Can the state continue to transfer the same level of funds from TANF to child care? How does the TANF spending in child care help meet the state's welfare goals and early childhood goals?
- Is the state's investment in early childhood education a good balance for children from birth to age 5? Does it adequately address the subsidy system, Head Start coordination and prekindergarten?
- What progress has been made to date in quality initiatives? What are the remaining priorities?
- Has your state enacted laws related to the coordination of programs for young children? If coordination has not been widespread in your state or if recommendations for coordination have been made but not yet acted upon, how can coordination be implemented?

Independently from the child care subsidy program, in these cases, various policy options may be available.

States are designing programs that use a variety of funding sources and target specific groups of children. Some states—California, Georgia, Michigan, New Jersey, New York, Oklahoma and Texas—use a significant amount of state money to fund prekindergarten programs, and some use TANF money to fund program expansions or to replace state general fund money. To maximize Head Start capacity, some states combine state money with Head Start and child care funding to meet the needs of working families for full-day, full-year programs or to increase the number of children who can participate. Many prekindergarten expansions have added to early childhood education financing by allowing use of state funds to serve children in public school settings, Head Start or private child care settings. In many cases, full-day programs and comprehensive services are combined using multiple funding sources included in the previous sections. Prekindergarten programs are state and local creations; decision-making responsibility for program scope and quality rests at those levels.

Prekindergarten programs are designed to serve four-year-olds or three- and four-year-olds. Eligibility criteria include children in families with low-incomes and/or children who are at risk for educational failure. Income eligibility may be based on a percentage of poverty or on eligibility for the school lunch program or other public assistance programs. Risk factors may include geographic area, such as an attendance area for a low-performing school; children with developmental delays; or a variety of other factors. A few states include all children, rather than singling out an at-risk group. In making strategic decisions about financing prekindergarten initiatives, state lawmakers may want to consider the system of early childhood education in the state, combining the considerations for child care programs with policy choices in prekindergarten to balance the variety of needs for infant and toddler care, prekindergarten programs, and before- and after-school programs.
Settings for prekindergarten programs include public school-based, state-funded Head Start, or a combination of community providers such as centers with preschool programs. Considering administrative capacity, availability of facilities, and transitions from prekindergarten to kindergarten can influence decisions about which administrative structure makes sense. In some states, public schools must administer the program; some permit contracting with local providers, while others rely on local community partners or Head Start.

### Sources of Information

In the categories below, policymakers may find useful contacts to offer technical assistance, approaches to bill drafting or information about past legislative experiences.

**Child Care and Early Childhood Education Agencies**
Child care issues are likely to be administered by the state human services agency, and preschool issues may be addressed through the department of education.

**State Legislative and Executive Contacts**
Other key contacts can include governor's office policy staff, former child care and early education bill sponsors (and legislative staff), budget staff, chairs or members of key committees and subcommittees, Black and Hispanic caucuses, and House and Senate leadership.

**Federal Contacts**
Federal contacts include congressional delegates and staff, the U.S. Head Start Bureau (regional office), the U.S. Child Care Bureau (regional office), and the regional office of Health and Human Services, Children Youth and Families.

**NCSL**
NCSL staff can provide valuable information and technical assistance on child care and early childhood education financing and policy approaches. In the Denver office, contact Steffanie Clothier or Julie Poppe. In the Washington, D.C., office, contact Sheri Steisel or Lee Posey. To reach by e-mail: Steffanie.Clothier@ncsl.org, Julie.Poppe@ncsl.org, Sheri.Steisel@ncsl.org, Lee.Posey@ncsl.org.

**Child Care Associations, Parent Groups, Child Care Providers, Business Groups, National Organizations**
National advocacy groups include the National Association for the Education of Young Children (NAEYC), the National Head Start Association (NHSA), the Children's Defense Fund (CDF), the Center for Law and Social Policy (CLASP), the National Governors' Association (NGA), the Education Commission of the States (ECS), Zero to Three, the National Partnership for Women and Families (NPWF), the National Women's Law Center (NWLC), and the National Black Child Development Institute (NBCRI). Local resource and referral offices, child advocacy organizations, or university programs also can be helpful. Businesses and business groups can be key allies as partners, funders and advocates for specific policy changes.

**Local Stakeholders, Counties, Municipalities**
If you are addressing an issue that may be carried out by a local government or may affect local government, county or city organizations may be important stakeholders. They may be able to provide insight into implementation issues and play a role in supporting or opposing legislation.

**Foundations**
Foundations can play many roles in the development of policy. They can provide initial funding and advice or facilitate stakeholders, or they may be interested in particular areas of early childhood care and education where their investment can make a difference. Consider foundations at all levels—national, regional, state and local.
Notes


19. Ibid., 45.

20. Ibid., 46.

21. Ibid., 130.


26. Ibid., 112.


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