

Center for Law and Social Policy
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Operator: Danielle Ewen, the floor is yours.

DANIELLE EWEN, DIRECTOR, CHILD CARE AND EARLY EDUCATION,
CLASP: Thank you. Hi, good morning and welcome everybody to this first in a series of audio conferences on policy solutions for low income families hosted by the Center for Law and Social Policy. I'm Danielle Ewen, the Director of Child Care and Early Education here at CLASP.

Today's call is Child Care and Early Education: Opportunities to serve more low income working families.

Today we will discuss opportunities for states and local communities to serve families and make long-term investments in quality programs through the new money through the American Reinvestment and Recovery Act.

We have quite a few people on the phone today representing about 47 states and the District of Columbia. So for the period of the phone call, all lines will be muted. If you have a question, please send it to an e-mail address as follows audioconference@clasp.org. Let me repeat audioconference@clasp.org. That's C-L-A-S-P.org. We look forward to getting your questions.

If you have any trouble during the period of the call with the connection, just press star 0 and our wonderful operator will help you. Today on the call you will have me and Helen Blank, who is the Director of Leadership and Public Policy at the National Women's Law Center where she leads the Center's work on early education as well as its leadership activities including PLAN the Progressive Leadership and Advocacy Network.

Previously Helen served 24 years as the director of The Child Care and Development Division at the Children Defense Fund where she spearheaded a variety of legislative efforts around early childhood and continues to work in that area. And as we all know is wonderful.

Today we will be discussing policy options for states, giving an overview of the ARRA and discussing some of the questions that have come up around implementation. I want to let everybody know that the National Women's Law Center and CLASP will any day now be publishing a joint document that goes through in detail the policy options that states have to implement the ARRA to use the economic recovery dollars.

And that will be available on both of our Web sites and will be disseminated widely to you and your network. So look for that. I'm going to start with an overview of the provisions in the ARRA. Let me just quickly say that as you'll hear us say several times,

the Bill was only signed about a week ago, and there is very little guidance available at this time, so much of it will stay as our opinion and our thoughts on how to use the money.

But because there is no guidance, we don't know exactly what the government will say on some of these issues. You will have to bear with us and hopefully this will be the first in a series of technical assistance calls and documentation to help folks through this process.

So the first thing I want to say is that as a field, we need to really celebrate because the Economic Recovery Package represents a major victory for early childhood. It's money to help low income families and to support children's development and it is a real recognition of the importance of the Early Childhood Programs in children's lives.

It's also a down payment on the President's promise for early childhood, and as many of you who heard President Obama last night in his speech say to Congress, "We have dramatically expanded early education in the recovery package and we will continue to improve its quality because we know that the most formative learning comes in those first years of life."

I think that that was a very important statement and hopefully we'll have several years of funding to look at and to help improve programs and serve low income families. Right now, we're talking about the early childhood component of the Act, which totaled \$5 billion for early care and education.

That's spread \$2 billion for the Child Care and Development Block Grant, \$2.1 billion for Head Start and Early Head Start put together, \$400 million for Part 619 of IDEA, and \$500 million for Part C.

There are also opportunities for early childhood in the increased Title I Funding and in the Education Stabilization Fund. And finally, in addition to the provisions related to Early Care and Education, there are other provisions for low income families, including one that reduces the eligibility threshold for the refundability component of the child tax credit from an income level of \$8500 to \$3000.

And if you're interested in that particular component there is more information on the National Women's Law Center Web site.

Some things to know about the recovery package, it provides your governor with 45 days from the enactment of the law to certify that they will accept the funds. That is to certify they're accepting them, not to spend in those 45 days. If your governor fails to act in this time, the State Legislature can pass legislation to override the Governor.

It's important to know the timeline for the child care funds. They are available for a two year period starting now in fiscal 2009 through the end of the Federal fiscal year 2010. That would be September 30 of 2010.

We're now going to turn to implementation, but again it's important to remember there is still much guidance and regulation to come from the Office of Management and Budget, from the Department of Education, and from HHS.

A key feature of the economic recovery package is the desire to have openness and accountability on the funds. In this line, OMB has already published initial guidance to agencies that begins to lay out the time frames for their reporting.

The Economic Recovery Act itself requires that both Federal agencies and recipients of funds—that would be States for the Child Care and Development Block Grant and other programs, local education agencies for Title I, individual grantees for Head Start and so on—will report extensively on how they have spent the funds.

For instance, at the end of the first calendar quarter, States will be required to submit a report to HHS that contains information on how they have obligated or expended the funds, including a very specific list of activities for which the funds were expended, with descriptions, timelines, and importantly an estimate of the number of jobs created and the number of jobs retained by the activity.

In addition, starting today OMB will Federal require agencies to have information about recovery activities posted on their Web site. This information will be on their individual Web site and at recovery.gov, and grants information will be at grants.gov.

We put this information out there because these are great places for advocates and policymakers tracking what their State is doing and how the dollars are being spent.

So Helen is now going to give an overview of what's in the package for CCDBG, and then I'll move on to Head Start and some other programs. Helen?

HELEN BLANK, DIRECTOR, LEADERSHIP AND PUBLIC POLICY, NATIONAL WOMEN'S LAW CENTER: Thank you, Danielle. As you know, there is \$2 billion for CCDBG, and the four percent quality set aside that normally applies to CCDBG funds applies to the ARRA funds.

In addition, Congress provided another \$255 million for quality activities that is carved out of \$2 billion, of which \$93.6 million is for projects for infant and toddler care.

These are all discretionary funds. There is no State match required on these funds, and territories are eligible for service dollars.

Now as Danielle pointed out, the money is available from now until the end of 2010, and as always with CCDBG, States have two years to obligate these funds and three years to expend the funds. The same CCDBG rules apply to ARRA funds so states have enormous flexibility to determine nearly all aspects of the funding.

There is, however, a provision that these funds must supplement, not supplant State general revenue funds for child care assistance. CLASP has developed state by state estimates for CCDBG that are available on their Web site. Danielle?

EWEN: Now moving on to Head Start and some of the other places in the Bill that have funds for early childhood. Head Start and Early Head Start have \$2.1 billion combined, that includes \$1.1 million for expansion of the Early Head Start program, of which ten percent is available for training and technical assistance, and up to three percent is available for monitoring.

The report language that accompanies the package indicates that the Department of Health and Human Services is expected to work with the grantees to manage resources in order to sustain physical 2009 awards through fiscal 2010. We'll talk some during the discussion about what that means.

There is also \$1 billion for the regular pre-school Head Start program. These funds will be distributed by the formula that was developed in the 2007 Reauthorization. We expect the grant competition for the new funds will go out fairly quickly so that programs can start planning for how to serve children.

As for the Early Head Start funds, we believe that they will be distributed by a formula through a competitive process, but the process for that competition still has to be determined.

As for Title I, although the Senate version of the bill had a set-aside for early childhood, it is not included in the final ARRA.

However, the \$13 billion that were allotted to Title I funds are to be used for regular Title I services. This means that local education agencies may use the money for services for low-income children at risk of school failure from birth through age of school entry. CLASP has written some documentation on this. NAEYC and others are also working on the implementation of the new Title I funds, and we'll talk a little bit more about how these funds can be used.

I think it's important to note two things, that the conference language for the package noted that States were expected to use some of the Title I funds for early childhood activities. Again we don't know what impact this will have on the use of these funds.

In addition, the National Education Association has a Power Point up on their Web site where they note many of uses the Title I funds and make specific mention of the conference language about States using some of these funds for early childhood.

So NEA, which has a huge constituency as you know, is telling their members about the early childhood potential of the Title I dollars.

Finally, there is an Educational Stabilization Fund, of which \$39.5 billion is for elementary, secondary, and post secondary education services. These funds may be used “as applicable for early childhood education programs and services.”

We don't currently know how this provision will be interpreted by the Department of Education, but we believe that it offers a real opportunity to help to stave off any cuts in preschool programs, including state Head Start supplements. And we'll keep you up to date on how those funds can be used. So let's turn to the real meat of the conversation, which is about implementation. Helen is going to spend some time talking about CCDBG, and then we'll move to other programs. So Helen.

BLANK: Thanks. When Congress provided these funds they stipulated that they would help to serve more children and to increase jobs. Obviously, they were very focused on the job creation potential of these investments.

Now we know one thing related to spending issues that may be on your mind, is the supplement, not supplant provision. It is important to note that this provision refers to State general revenue funds for child care assistance and does not mention other Federal or local funds.

We understand from some states that a non-supplantation provision is going to be a challenge. And we understand that unlike the education stabilization funding in the ARRA that Danielle referred to, which States may use to actually make up for cut backs, child care does not have a similar provision. While states can use these the education stabilization funds to make programs that had received cutbacks whole, there are also significant new education funds targeted for innovation and improvement.

We don't want the supplement, not supplant provision in any way to be an impediment to moving forward quickly. It is absolutely essential that States move quickly once this money is released, because it is designed to reach families and programs as soon as possible, and it will be important to demonstrate that the funding was needed and has made a difference.

We don't know if any guidance as Danielle said will emerge from OMB or the Department of Health and Human Services. You all understand that HHS has no political leadership at this time. We are unsure of what, if any, date will be attached to the supplement, not supplant provision.

We realize the states are in a difficult position and that a number are poised to make significant cutbacks in child care. None of us want thousands of children to lose child care assistance or providers to have their rates cut back. No one wants their state not to accept these funds. This is the most significant increase we have had in child care in almost a decade.

We want every single penny to be used. No one wants this money not to be used to move forward and create a stronger early childhood system. We want the ARRA funds to help

states end up with more money for children and families who need child care, not less. And if it helps your argument against cutbacks in your state to say you will not get the Federal money if it replaces state general revenue funds, you should use that argument against proposals to cut children, lower rates, etc.

However, if you believe that there is no option with your legislature or governor to avoid cuts given the size of your state's deficit, there may be some flexibility in the supplement, not supplant provision. That's just our interpretation.

States have two years to obligate and three years to expend the funds. So basically while the money has to go quickly, there is flexibility as to how to report the state use of State General Funds because of the three year period.

We don't want states to cut state general revenues, TANF child care funds or any child care funds. But we know this is a very, very tough situation as the economy continues its downward spiral. We want to do the best we can for children.

As far as spending priorities, we understand that some states may believe that these should be only one-time investments. We would strongly argue that states should think more broadly and see these funds as part of a broader opportunity to reform child care so that more families can access higher quality care.

The fact is that no one wants thousands of children to lose child care assistance or providers to have their rates cutback at the end of 2010 or to have licensors hired and then let go. However, in reality if we look at state budgets, they're never permanent. Funds can always be taken back. People are used to moving forward and taking a risk in this field.

Don't let the stimulus timeline make you see this differently than a normal state budget process. Let's think of the stimulus as Danielle pointed out—as an accelerated down payment on the President's campaign promise about early childhood. Make good investments that help more children and families get higher quality care, increase jobs for child care providers and teachers and licensors, and then carefully track your use of the money and help to build the case for making this an increase that is available beyond FY 2010.

Many of you have plans from your State Early Learning Councils that could be useful as a blueprint for this money. As Danielle mentioned, the National Women's Law Center and CLASP will be sending out a memo shortly that highlights investments that are stimulative, help create jobs, and serve more children.

I'm just going to highlight a few. You can:

- Serve more children currently on waiting lists, if your state has a waiting list.
- Unfreeze eligibility for child care assistance for low income families not receiving TANF.

- Make sure that job search is an eligible activity for the receipt of child care assistance so families can find a job and think about extending the period of job search.
- Average income and work hours over a minimum of a six month period so the families who are now in flux because of the job market have a better chance of getting child care subsidies
- Make sure that families have a one-year redetermination period so they have more stability.
- Help providers keep their doors open. This is very important. Consider low-interest bridge loans to providers in low income communities. We're seeing a tremendous slippage in child care programs because of the economic downturn.
- Raise rates to help providers over the hump.
- Give grants in underserved communities for startup costs, equipment, and offer low-interest loans for improvements and renovation.
- Hire licensors to make sure that children are safe.
- Create new jobs in community colleges by making scholarships available for teachers through programs like TEACH.
- Provide grants to increase provider's compensation so they can contribute more to the economy.
- Hire infant/toddler specialists so they can reach more caregivers.

If your state has a QRIS they can make grants to enable programs to meet the higher standards and training requirements in the QRIS. Danielle?

EWEN: Great. Let me move on to Head Start and then I'll talk briefly about the Omnibus Appropriations Act that came out the other day. Obviously, states have enormous flexibility on how to use their child care funds. The Head Start funds, because they are federal to local, provide less opportunity for states. However, the State Early Learning Councils can be a great place to coordinate what's going on in a state and to understand which programs and communities will have applied for new resources, or have received new funds.

But let me quickly say for the Head Start dollars, which again is a total of \$2.1 billion—\$1 billion in funding for the Head Start preschool program and \$1.1 billion for Early Head Start—the \$1 billion in Head Start preschool will be sent out under the existing formula that was created in the 2007 reauthorization. Programs will get a cost of living adjustment which appears to be around 5 percent. We don't know that for a fact, but that's what has been suggested.

Programs can use that money to pay salaries and also to make other improvements in their programs that they haven't been able to make over the last few years.

As part of the new formula that was created in reauthorization, approximately half of all expansion funds are targeted for expansion of Early Head Start.

One of the questions that we've been getting is about how the regulations that the department was writing last year around vacancy rates and implementation of the expansion to 130 percent of income and the ability to convert from preschool programs to Early Head Start will relate to the new funds.

Right now all regulations that were pending under the last administration are on hold as the new administration reviews them, and so the answer is, unfortunately, at this time we don't know the result. But we understand that the Department is working on it and is trying to get rules and guidance for getting the new money out the door as quickly as possible.

As far as the new Early Head Start funds, these funds will go out in a competitive process. We don't know what the contours of that process will be, but programs will be asked to fill out an RFP, and demonstrate that they can meet the Early Head Start performance standards and that they're meeting an unmet need in their community.

Due to the amount of money that's available, we believe that both existing programs and new programs will be able to apply for the new Early Head Start Funds. This is an opportunity for states to help child care programs partner with Early Head Start and to help get local child care programs to the point where they can meet the Early Head Start standards.

The other issue is whether there will be adequate funds for Head Start to provide for the funding of State Early Learning Councils. States will be able to invest in these councils so they can start strengthening the coordination among their various early childhood funding streams and planning for improvements in professional development and data collection and other areas.

It's important to note that at this time the Head Start Act requires a 70 percent match for the State Early Learning Councils. It's unclear how HHS will count that match, whether they will allow any federal money in addition to state or local dollars or private dollars, but States should be thinking about how they can show that match in order to get some of the funding drawn down for Councils.

Of the other programs that are in the act, the Title I program in particular offers another opportunity for the State Early Learning Councils to identify needs in communities and to talk to school superintendents at local education agencies and in the State Department of Education or the State Board of Education about the need to fund early childhood programs and services.

Local education agencies can partner with community-based child care providers to expand or improve the quality of services, to provide professional development, and to provide comprehensive services with Title I dollars. And the State Advisory Council may be a great place, to help coordinate some of those activities.

The same is true of the expansion of the Early Intervention dollars, which may provide for an expansion of Child Find to help identify new children with developmental and physical delays. The Advisory Council may also be a place where professional development opportunities for providers and school districts working with these children can collaborate with child care providers.

Let me very quickly talk about what is included in the House Omnibus Appropriations Act that was passed earlier this week. It's good news for Head Start and child care. The Bill includes small increases for both programs. This is also Fiscal Year 2009 money finishing the appropriations bill that was put on hold before the November election.

For Head Start, there is a \$235 million increase over FY 2008, which will bring total funding for the program to \$7.1 billion. And for child care there's an increase of \$65 million above FY 2008, and just as part of the good news, it's important to remember that both of those numbers, the \$235 million for Head Start and the \$65 million for child care, will go into the baseline and will be continued over time, hopefully.

Obviously our intention is to continue to grow these programs and to make sure that the baseline funding for child care and Head Start is adequate to meet the needs of the children and families in your community. So, Helen, did you want to add anything here at the end?

BLANK: Just because everyone is always concerned about set asides, all the set asides—for quality, for infants, for research, for resource and referral, and for NACCRA's Child Care Aware are included in the Omnibus Appropriations Act.

I just want to say congratulations to all of you who worked so hard over a short time period, understood what an opportunity the Economic Recovery Act was and stuck with it. It has been a long time since programs for children and families have seen such significant increases. It's bittersweet that these relatively huge increases were triggered because of an enormous economic downturn.

But this is an opportunity for the field to move forward—create a framework that we can build on and convince federal policy makers that we must maintain the strong and wise investments that states have made with the stimulus dollars.

EWEN: Thanks. Great. We are now going to move into the question and answer period. As I said before, if you have a question you can send it to audioconference@clasp.org and we will respond to it as quickly as we can get to it. We already have quite a few questions coming in, some of which are clarifying, so let me deal with some of those.

The first question we have is about the 70 percent match, and let me just say again that that is a match on the State Early Learning Advisory Councils. The Head Start Act has about \$100 million, should there be enough money in the formula, to go to states to create and do the work of coordinating early learning programs and systems, and states may use the advisory councils to look at professional development systems.

What the Act did was it said that states can get up to \$500,000 to run those councils, and they will have to have a 70 percent match to draw down that money. This is not related to the Head Start or Early Head Start grants. Those are totally separate and have separate rules around match.

The 70 percent is only for the State Early Learning Advisory Councils. We don't yet know what the feds will allow to be counted as the money for that match. We believe that there is some discussion going on around that issue.

Another question we have gotten, Helen, I'll let you deal with this one. Do we have any information about what states are doing with the infant/toddler set aside in the Child Care and Development Block Grant, and is there any guidance or guidelines coming out about how that money could or should be used?

BLANK: There is information available through CLASP and ZERO TO THREE on the uses of the infant/toddler set aside. Many states have hired infant/toddler specialists with those dollars. We do not think there'll be any additional guidance on how those dollars are going to be used. You'll have to use the experience of states so far.

We will be periodically checking with states and both CLASP and NWLC will make available information on how states are using those dollars.

EWEN: OK. We have another question from Washington State, whether child care funds can be diverted to uses of TANF. Child Care and Development Block Grant Funds must be used for child care assistance to low income working families.

TANF money can be transferred to CCDBG where it becomes subject to CCDBG rules, or it can be used directly to provide child care services to eligible families. But CCDBG funds themselves cannot be used for other TANF activities.

Helen, we have a question from somebody here in Washington, DC about whether we're concerned about the capacity of states to spend the money.

BLANK: We are confident that states can spend this money. We have had significant increases in child care before. There was an increase in fiscal year 2000, the last year of President Clinton's presidency, of \$817 million, and if you really look at inflation, that's not so far from \$2 billion now. And states handled that well.

When the Welfare Act was passed in 1996, states got a \$4 billion increase over five years, and they handled that well. There are a lot of choices in terms of how you can use this money. We know as of last February, there were 17 states with waiting lists, but we know there are more now. And those waiting lists have grown. We know only ten states have rates that are at the current market rate that reflects the 75th percentile.

We know many States do not inspect facilities in the way that guarantees health and safety for children. So we're confident the states can spend this money. And don't forget you have considerable time both to obligate and spend these dollars. We urge you to spend them quickly and get them into families' and providers' hands as quickly as you can.

EWEN: Great. We have a series of questions about whether there are strings attached or other requirements that the Recovery Act puts on child care and Head Start. Helen, why don't you start with child care and then I'll do Head Start.

BLANK: There really aren't. There is the supplement, not supplant provision which we've talked about exhaustively. There really are no other strings, except the expectation that these dollars will serve more children and create jobs, and I think there are many policy ideas that we laid out and that we'll lay out in more detail that do both.

EWEN: And the four percent applies.

BLANK: The four percent for quality has always been part of the CCDBG dollars and the additional dollars, I guess you could call that a string. I think that's a bonus for children.

EWEN: And on Head Start, the ARRA does not waive the 20 percent non-federal match that grantees have. Although, there is language in the conference report that clearly says to the Secretary that he or she has flexibility to waive that requirement, and we are suggesting that that might be in order to do at this time, given that many, many programs are hard hit by the recession and may not be able to pull the match in from private donations and other sources.

No other requirements were waived for the Head Start program.

We have a question about whether states can use CCDBG dollars for pre-K. Helen would you like to start an answer to that one?

BLANK: States can fund high-quality child care which can really equal pre-K. States can use CCDBG dollars to extend the day of pre-K and Head Start, which we would urge you to do to help families' needs who are working.

States have the choice to provide a full day of child care funding if their pre-K or Head Start program is less than five hours or sometimes even six hours to create a full-day high-quality environment.

EWEN: And I would just add to that, a reminder to everybody out there that when you're thinking about the supplement, not supplant provision, state pre-K dollars can be used for a portion of the match and the MOE dollars for the rest of CCDBG. So it's important to look at all of your expenditures and think about how they're being used and how they can be used to continue to make the investment.

We have a question, Helen, about how CCDBG dollars can make a difference locally and whether they can be used for resource and referral, for technical assistance—for quality improvements like that.

BLANK: Of course. CCDBG dollars are the dollars that have supported resource and referral programs across the country since the program was authorized in 1990. CCDBG dollars are also used for training and technical assistance and equipment and materials. We would hope that a considerable amount of the quality dollars, as they always do, would flow down to local communities.

We're also going to be putting out a memo that talks about the need for local coordination, with Head Start and Early Head Start where the money goes from the federal government direct to local communities, and the possibility of using increased Title I funds for preschool, which was definitely an intent of a number of members of Congress.

This will require more communities to consider a local coordinating mechanism, just as you would have at the state level through an Early Learning Council, that can help to coordinate and make the most efficient use of these new, as well as existing, resources to help better serve families.

EWEN: Thank you, Helen. We have a couple of questions about using the Title I dollars for early childhood programs and more broadly how the stimulus package can support full day investments in preschool and early childhood.

So let me start with the Title I money and other Department of Education activities and then Helen, you can jump in.

As I said earlier, Title I funds can be used for children from birth to the age of school entry. Current regulations say that they have to meet the education performance standards of the Head Start comprehensive performance standards.

However, the performance standards were changed under the 2007 reauthorization, and we fully expect that the Department of Education will be putting out guidance to help school districts better understand how the money can be used.

What is clear is that if Title I funds are used, in the majority of states they do not have to have a degreed teacher in the classroom who meets the HOUSSSE standards in NCLB—it can be the regular teacher in the child care program or in the Head Start program.

Title I dollars can be used both for direct service and for improving the quality of programs by paying for another teacher or an aide, by paying for the comprehensive services in the classroom, to expand or to create a full day program, to buy books and materials, or to pay for professional development.

Professional development services can go to those teachers who are currently serving Title I eligible children or to teachers who work in communities where there are Title I eligible children. So the funds are very, very, flexible and really can be used as part of expanding quality early childhood in a community.

We also have a question along this line about who you should be contacting in your community around the Title I funds. Every school district has a Title I coordinator, and early childhood advocates should be reaching out to those people to talk about the need for investments in the early childhood program.

In the ARRA, the education stabilization funds are probably the next largest place where there is an opportunity for early childhood. While the law did not require that those funds be used for early childhood services, it does say that early childhood services as applicable are eligible for the stabilization funds.

There are a lot of questions about what those activities are and how that money will be distributed and what kind of decisions states can make around those funds. Again, we expect the Department of Education to be putting out guidance about this.

We know that they are getting questions from local education agencies across the country and from states as they try to think about how to backfill some of the cuts they've made in their education programs and early education . Helen, do you want to add anything to that part?

BLANK: There may be – there are other pots in the education section such as innovation funds that may be applicable to early childhood. As Danielle said, I believe the department will be issuing guidance and I think more of it will focus on early childhood.

EWEN: Great. We have a couple of questions about the State Early Learning Councils, and what the process will be for sending that money out.

This will be one of those areas where we have no idea, and we're waiting for guidance from the Office of Head Start. They have a lot of decisions to make on how this money goes out, whether every state will get the money, we don't know.

We assume that there will be a basis for distributing the \$100 million. What we do know is that \$1 billion in the recovery package does seem to be enough money to run the formula and to activate the \$100 million, which I think is the most important piece for going to your state policy makers and beginning to advocate for getting those councils moving, for having them develop a plan, and for them to be well-positioned to access those dollars, whether they go out through a competitive process or there is money to every state. So those states who are ready, who have a plan in place, who have identified gaps and have a way to use funds that come down, will be better positioned to get any funding that is available. And I would encourage folks to start with those activities.

We have another question, Helen, can you talk to this one because I know you spend a lot of time on it. We've had several questions about states that have made cuts in the last couple of years and whether this money will backfill or how it can move states forward in meeting the needs of children of families today, and what kind of arguments should advocates be making to their policy makers.

BLANK: I think that you do have to argue that these funds were designed to serve more children and to create more jobs. And that's bottom line. We don't know what the date will be if any that will be put on the supplement, not supplant clause.

If you made significant cuts and you can now bring back your eligibility to serve more children or to raise rates, we would consider that moving forward. I think there's a balance as you move forward between maintenance and improvements. And I think that balance will be struck differently in different states depending on how your economy is doing.

But we do think that it is very important to use this money to move forward and not just to backfill, but we understand there is a serious economic downturn. This is one hand and on the other hand, you have to decide in your own state how to do best for children and move forward and push hard to make these new funds value added.

EWEN: Great. We've had a question specifically about funds for professional development both for Head Start providers and for the rest of the early childhood field. I think it's important to point out again, that the \$1.1 billion for Early Head Start has a set aside for training and technical assistance that can be used to help programs.

The child care quality money could certainly be used for professional development. The Title I funds, if they are used in a community for early childhood, can be used for professional development. And there's also a small amount of money, \$100 million, for the teacher quality innovation grant, that programs of higher education and universities can apply for to create partnerships to better serve teacher prep programs. And early childhood is an allowable use of those as well.

And NAEYC will have additional information about that on their Web site. Helen did you want to add something about professional development?

BLANK: Remember the Head Start Act includes a quality set aside. Half of that quality set aside has to be used to help teachers get the degrees required in the Act.

And there is a training set aside in Head Start as well that can be used for professional development.

EWEN: Great. So we have another question about Title I. The question is whether Title I funds can be used for activities outside the classroom, such as family engagement and transition. And yes, those are allowable uses of the Title I dollars. The transition activities actually are a required use of the dollars, if they are used for early childhood.

The flip side of that is that our research found that most programs are not doing very much in the way of transition, but there are programs that have done really great things to help young children and their families move from community programs into the schools in their community.

We've been asked to recap the overview of the funding available in the ARRA. Again, Head Start received \$1 billion in new funds which will run through the Head Start formula.

The Head Start formula includes a provision that about half of all expansion funds will go to expansion of the Early Head Start Program. So when the \$1 billion goes through the formula there will be funds for Early Head Start out of that money, as well as out of the \$1.1 billion in additional funds that are specifically targeted at Early Head Start.

BLANK: Once Head Start uses its money for quality, cost of living, and a number of other uses about 40 percent of the funds will be available for expansion and half of that will go to Early Head Start.

There will be very many proposals being received at the Department of Health and Human Services for new Early Head Start Programs. So go for it. We hope this will help early childhood programs in many communities, both Head Start and child care programs.

EWEN: And it's our understanding that both existing Early Head Start grantees and programs that are not currently grantees will be allowed to apply for the competition if they can show that they have a need in their community and that they can meet the Early Head Start performance standards.

So this is a real opportunity to look into your community, if programs need just a little bit of help to get up to the Early Head Start performance standards, here is an opportunity to spend some of that child care quality money on infants and toddlers on helping programs get up to the level they'll need.

This is an opportunity for coordination to understand who's applying for the money and where there is unmet need and providers that could also be encouraged to apply where there are other pockets of children who are unserved.

This is also an opportunity for providers in immigrant communities who are serving children from English language learning backgrounds to apply for the funds and serve some children who often get left out of the program.

So this is a really huge opportunity for states to think about where their unmet need is, for local communities to think about it, and to work together to get as many programs as possible up to the level where they can apply for the funds and show that they can really provide high-quality services for infants and toddlers.

Helen, we have another question about—can you just explain again about what it means that states have three years to spend the funds?

BLANK: States have two years to obligate the money—that means they have two years to sign contracts to obligate these dollars.

They have three years to spend it, not after the two years. They have a total of three years. So they can obligate the money for example, in a month. And then they would have three—you would have two years and 11 months left to spend it. There's a three year period during which these funds remain available to states.

But after the end of the three years they must be spent.

EWEN: Great, Helen we have another advocacy question for you. Instead of opening up the old quality versus supply debate, how can these funds be used to serve both needs in a given state?

BLANK: Well, forever we talk about balancing. There is additional money in this Bill for quality. So that makes the balancing act a little bit easier. There's a four percent set-aside for quality, and there is an additional \$255 million of which more than \$90 million is for infants and toddlers.

It is all part of the \$2 billion, but that means you have more money in your state this round for quality activities, for new quality activities. Obviously, it is equally important to serve families. We talked about serving more children when we argued for these funds. But the way the CCDBG funds are divided up, makes these choices easier.

EWEN: Great, we have a series of questions about states that are concerned about how their allocation for CCDBG will come down. It's our understanding that that the money in the ARRA will be allocated based on the same formula that the current money is allocated under, and which is based on census data on low income kids in your state.

CLASP has done an estimate of the amount of money that will go to each state and we've actually broken out the quality money as well. So you can start planning that way. But of course, our assumption is they'll use the same census data that they had used last year. That again, is an assumption and we don't know how that will move forward.

BLANK: And technically the \$2 billion is available immediately. We are not sure how HHS is going to divvy that out to states—maybe in one fell swoop but they generally don't do that. But it is technically available immediately.

EWEN: We have a question about whether there are funds for construction of early childhood programs in the Recovery Act. Can you address that?

BLANK: Well we know that CCDBG can be used for minor renovation. The Recovery Act—as many of you know if you follow this included money for construction and it specifically mentioned early childhood.

There is money for neighborhood stabilization in the Department of Housing and Urban Development. And at one point money could be used for early childhood. But that got struck. So that money is not available.

At another point there was much more money available generally for construction in the education title and some of that money could have also been used for early childhood. But we lost most of that money. There is some money connected to stabilization that can be used for construction. It doesn't mention early childhood. But there will be more interpretation of that.

EWEN: Great, we have a question about TANF funds and supplantation. And Helen, you started to address this in your comments, so do you want to talk about whether there is any language about whether TANF funds can be pulled out of child care?

BLANK: We would hope that states do not pull TANF funds out of child care. There is a significant increase in TANF dollars in the economic recovery package which should help to avoid this.

EWEN: And so each state would be making their own decision about what to do with their TANF funds. The law is silent on supplementation of those federal funds right?

BLANK: Yes.

EWEN: Great, we've had several questions about the early intervention dollars in the recovery package. And as I said, there are a total of \$900 million in IDEA that can be used for early childhood services for infants and toddlers and for preschoolers.

And those dollars can be used for direct services to improve the quality of child care and early education for those children, it can be used for occupational therapy and physical therapy for those children, either in their home settings or in child care settings, they can be used for professional development for providers working with children who have been diagnosed with developmental physical delays.

So there's a range of opportunities to use those dollars both to increase the quality of child care settings for infants and young children with delays and also to serve more of those children. I think it is important that folks who are interested in how those dollars are planning to be used reach out to their local education agency. Again, find the Part C coordinator in your school district and talk to them about kids that you know haven't been diagnosed because this is an opportunity to find and screen those children.

At the state level there is an interagency coordinating council that will also be dealing with these issues. It's very important that your early learning council involves and

connects to the ICC so that these issues are being addressed jointly across the different programs.

Helen, we have another question about supplement, not supplant, this is clearly very popular. What it specifically says, whether it's state general revenue, how it talks about federal dollars, can you just restate what it says?

BLANK: This is a tough issue. It says, supplement, not supplant state general revenue funds for child care assistance. That's it. That's it, there's no other language.

EWEN: Great, we have a good question about our recommendation that money be spent on quality rating systems. Helen, can you talk about what that means? Does it have to be quality dollars, can state use service dollars to invest in their quality rating system? What do we mean by that recommendation?

BLANK: Well it depends. I would say you can use quality dollars to develop your QRIS. We know that many states don't have QRIS in place and this might be a very good time to accelerate your efforts to make this happen.

You can use quality dollars as many states do to help your providers to provide the grants and equipment and the materials they need to get to reach a higher level. You can use quality dollars to help staff go to school, get the training, and compensate them for meeting the higher levels. And you can use CCDBG dollars to fund—as many states do—higher rates for higher quality settings. These higher rates unfortunately in a number of states don't even equal the 75th percentile of the current market rate survey.

You can definitely use your core dollars to help pay higher rates to programs that meet higher levels of quality as well as your quality dollars. And a state can use its core dollars to serve more families so they can have access to the higher quality programs.

EWEN: Great, thank you, Helen. We are very near the end of our time. I want to reiterate a couple of key points. We've been asked to restate the amount of money and to talk about the Omnibus very quickly.

So just to go through the \$5 billion that is in the economic recovery package again, there are \$2 billion for the Child Care and Development Block Grant, there is \$1 billion for the Head Start preschool program, there is another \$1.1 billion specifically for new Early Head Start programs, and then there is a total of \$900 million for infants and toddlers and preschoolers out of the IDEA for children with disabilities.

On the Omnibus Appropriations Act that was released by the house earlier this week—which has not been law it's just the house's proposal and they will have to vote on it—there is \$235 million more for Head Start and \$65 million more for CCDBG.

BLANK: Our first increase in discretionary funding since 2001, for child care. Head Start did a little better for a few years.

EWEN: And again we are very excited about the enormous investment in early childhood in the Recovery Act and we urge you all to go out and get your states to spend those dollars on low income families and their children as soon as possible and to improve quality in the child care programs in your state and in your community.

I want to let everybody know that we will have a recording of this call on our Web site at www.clasp.org fairly quickly within the next day or so. So if friends of yours did not get on the call you can tell them to listen to the recording. Or if you want to forward it to other folks you can do that.

I want to remind you that as Helen and I both said, the policies that we discussed for the CCDBG program will be available very shortly in a paper that we're jointly developing. I want to thank you all for the questions and comments you sent in. This was a very good call from our perspective. We hope it was for you.

If your question didn't get answered we will make sure that we will follow-up with an e-mail and if you have other questions please feel free to continue to send them into audioconference@clasp.org and we will answer them. NWLC and CLASP are engaging in a joint technical assistance project where we will continue to answer questions, put out materials and resources, and develop implementation materials for you all as you are moving forward with this exciting process.

Again thank you for joining us and have a great afternoon. Bye.

Operator: Thank you, this does conclude today's audio conference. We thank you for your participation. You may disconnect your lines at this time, and have a great day.

END