

CLASP/NWLC AUDIO CONFERENCE CALL

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3:00-4:00 (ET)

The President's Budget Proposal: Opportunities and Challenges for Early Childhood

Programs: To provide additional information on the President's FY 2011 Budget Proposal and what it means for early childhood programs.

Speakers:

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DANIELLE EWEN: Welcome everyone to today's CLASP-National Women's Law Center audio conference call on the President's budget proposal and opportunities and challenges for early childhood programs. Today, we have a very large number of registered participants so all lines will be muted during the call. If you would like to ask a question of either Helen Blank or myself, please email your question to dewen@clasp.org.

Questions may be submitted at any time during the call. We've already received some questions and we'll try to work them into our initial comments. Today, we have myself, Danielle Ewen. I'm the director of child care and early education at the Center for Law and Social Policy, and Helen Blank, who is the director of Leadership and Policy at the National Women's Law Center. We have quite a bit of information to cover in the budget proposal from the President and we'll be talking about the following areas.

We'll give a status update on the economic recovery dollars in ARRA. We'll talk about the HHS budget and we will be excluding healthcare proposals such as home visiting because those were not included in the fiscal 2011 budget proposal. We'll talk about food and nutrition programs, and some proposed tax investments. We'll talk about the budget from the Department of Education, the Early Learning Challenge Fund, the budget process and next steps and timing to move forward.

Let me first say a few words about ARRA funding. The funds have been available for nearly year – February 17th will be the anniversary of the passage of the bill – and much of the funding has been spent. Several states have already received their grants for early childhood advisory councils and a number of other states are in the process of submitting applications. However, it is very important that advocates around the country know where their states are in the application process as those funds are only available from ARRA through the end of September of this year. So, we need to make sure that every state gets their advisory council grant and moves forward.

In the Child Care and Development Block Grant, nearly one quarter of the \$2 billion available through ARRA has been expended. The funds are making a difference across the country. Please continue to check our site at clasp.org to check how your state has been spending the dollars and to work with your state administrator to ensure that the ARRA funds are completely spent. The National Women's Law Center will be posting a report highlighting how the funds have been used as well.

As you know, ARRA funds are one-time only funds available through the end of fiscal year 2010; as a result, the fiscal 2011 budget which was released on Monday is an important indicator of next steps for states as they build their early childhood systems. There is much to report across the budget lines for programs that serve low-income children. I'm now going to turn the phone over to Helen Blank from the National Women's Law Center to get us started. Helen?

HELEN BLANK: Thank you, Danielle. Let me just say that the strong advocacy of everyone in the field paid off.

The majority of funding for the core early childhood programs is in the budget of the Department of Health and Human Services, including the Child Care and Development Block Grant as well as Head Start and Early Head Start. The administration's budget proposal made significant increases in both programs.

The budget proposal includes a \$1.6 billion increase for the Child Care and Development Block Grant, bringing total funding to \$6.644 billion. This would be the largest increase in funding for the program in more than 20 years. The increase would include \$800 million in discretionary funds (which are appropriated on an annual basis and do not require a state match), and \$800 million in mandatory funds which do require a state match. Very importantly, the administration proposes to adjust the mandatory funding each year for inflation after FY 2011, resulting in a total increase in mandatory funds of \$11 billion over 10 years.

The additional funding for CCDBG would also allow for an increase in funding set aside for quality improvement activities up to \$373 million from \$271 million. Of those funds, \$137 million would be for activities to improve the quality of infant and toddler care. That's up from \$99.5 million. The set aside for Child Care Resource and Referral and school-age activities, which has been the same for years, would be increased to \$26 million from \$18.9 million. Funding for the Child Care Aware toll-free hotline would remain at \$1 million.

As part of their effort to improve the quality of the Child Care Subsidy Program, HHS proposes new measures of the effectiveness of the program. First, they'll examine how many children are served under federal eligibility rules. Currently, we know that CCDBG serves about one in seven eligible children. But we believe that as more families have lost their jobs and become eligible for help, we may be serving a smaller proportion of eligible families. Having updated and reliable data will help with our federal and state advocacy to continue to increase investments in child care.

The Child Care Bureau will also begin to track whether and how states are investing in quality rating and improvement systems, which will provide new information on the development and implementation of each state's QRIS.

The administration also proposes to use some of the additional CCDBG funding to support a long overdue re-authorization of the program. According to the official documents that accompanied the budget, the administration's principles for re-authorization include

- serving more low income children in safe, healthy, and nurturing child care settings that are highly effective in promoting learning development and school readiness,
- supporting parent employment and extending high-quality choices available to parents across the range of child care settings,
- minimizing the disruptions to children's development and learning by promoting continuity of care, and
- strengthening accountability in the CCDBG program and improving coordination of federal early care and education programs through alignment of the program goals that we have all supported.

In addition, in FY 2011, HHS will begin a five-year \$19 million study to assess which features of early care and education programs most influence child outcomes and how variations in such program features interact with characteristics of children, families, and communities to produce results. The study will also consider the extent of children's exposure to early care and education settings of different quality.

While we are all very excited about the proposed increase in child care, it is important for you to remember that the discretionary and mandatory funds have to move through the congressional process differently, and we will have to work on multiple fronts this year to ensure we get the full \$1.6 billion that the President put into the budget for child care subsidies, and we will help you do that.

In addition to the funding for CCDBG, the budget proposes a \$989 million increase for Head Start and Early Head Start for total funding of \$8.2 billion. Head Start would serve an increase of 66,500 children over fiscal year 2008, and Early Head Start would serve approximately 116,000 infants and toddlers, nearly twice as many as were served in fiscal 2008. This allows for the increased numbers of Head Start and Early Head Start children funded by the American Recovery and Reinvestment Act, ARRA, to continue. It also allows for funding to cover the cost of living increase mandated for Head Start programs and investments in quality and technical assistance to help Head Start programs improve and implement the changes in the 2007 re-authorization.

Let's now turn to funding for child nutrition programs which come out of the Department of Agriculture. They are scheduled to be re-authorized this year. The budget, like last year, proposes a \$10 billion increase over 10 years for child nutrition programs including the Child and Adult Care Food Program (CACFP), which helps provide meals and snacks to children enrolled in centers, family child care homes, Head Start, and after-school programs. There is significant discussion in the budget of the need for programs to focus on preventing childhood obesity and to encourage physical activity in children.

We are supporting bills that have already been introduced that will increase access to CACFP and we urge you to work with your members to co-sponsor the Access to Nutritious Meals Act of 2009, introduced both in the House and Senate.

Finally, the budget proposal increases the amount that families earning \$115,000 and under can claim through the Child and Dependent Care Tax Credit to help middle income families. Families earning \$85,000 and under would be eligible for a tax credit equal to 35 percent of child care expenses with the percentage phasing down to 20 percent at 115,000.

Unfortunately, the credit would not be refundable so families with little or no tax liability could not benefit. The proposal also does not index the credit to inflation so the impact of the increase would go down over time. We will be looking for and telling you about opportunities to expand the DCTC and enact the President's proposal.

Danielle, will you now tell us about the education budget?

EWEN: I will, Helen. But before I do, we've had a couple of questions come in that need some clarification on CCDBG. Can you just address whether anything in the budget changes basic rules we currently have around state match and supplantation?

BLANK: No, the budget does not have any different rules. The discretionary dollars have always had a supplantation provision that was similar to ARRA. We know as the discussion proceeds around mandatory dollars, there probably will be efforts to create some flexibility around the state match. So, stay tuned about that.

EWEN: All right. Thank you, Helen. I'm going to now talk about the proposed budget for the Department of Education which grows dramatically, although when you look at the budget proposal, it is difficult to see where there are direct investments proposed for early childhood programs. Most importantly, the President assumes that the Early Learning Challenge Fund will pass this year and will be funded at around \$9 billion in mandatory funding over 10 years. The budget assumes that there will be costs starting the current fiscal year, which tells us that the administration plans to move forward to develop the application process, rules, and guidance as quickly as possible once the legislation is final.

As a quick reminder, the Early Learning Challenge Fund has passed the House as part of HR 3221, the Student Aid and Fiscal Responsibility Act or SAFRA, and we are waiting for the Senate to introduce a companion bill, which will then be voted on by both houses and sent to the President. We certainly hope that process will happen very soon. In the meantime, as we're waiting, it's important that you're working with your states to plan for the application process, which means helping to stabilize investments in the early childhood system for children, birth to five, moving forward with the planning process for the State Early Childhood Advisory Committee and developing a data infrastructure to help track how your state will increase the number of low-income children in higher quality care.

The Department of Education's budget also includes funding for the Individuals with Disabilities Education Act. The preschool and infant and toddler sections of IDEA were flat-funded, which is disappointing given how many of our youngest children need early intervention services but currently are not receiving them.

Yet overall, the education budget is designed to reflect the administration's focus on education reform. It proposes a \$3 billion increase in overall funding through the Elementary and Secondary Education Act known as ESEA or the No Child Left Behind Act. It consolidates existing programs and priorities into nine new sections, which will be focused on things like student success, college completion, and literacy, for example.

We don't currently have enough detail to know how the administration plans to structure the reauthorization proposals to spend these funds and how and where early childhood will be included in those proposals. The department has suggested that there is a place for early childhood within each of the nine program areas. But there is currently limited information available on what that may mean in new legislation.

There are several areas that they have proposed that do have specific implications for programs for young children. A new \$250 million Striving Readers literacy program would consolidate a number of existing programs into a comprehensive birth-through-high school literacy grant program of which 15 percent of the funds available to state educational agencies and passed through to local education agencies would have to be used for serving children birth to kindergarten age. The consolidation into a literacy grant eliminates the Even Start Family Literacy Program. Another area of consolidation would reform the 21st Century Community Learning Center after-school program but provide flat funding at \$1.6 billion.

This area of consolidation would also include the Promise Neighborhoods initiative and would increase that program by \$210 million to create place-based initiatives for reform across the country. The budget also proposes to expand the Race to the Top grant and proposes that the competition be open to local school districts, not just states. At this time, 40 states and the District of Columbia have submitted grant applications for Race to the Top with varying degrees of attention to investments in high-quality early childhood programs reflected in those grant applications.

Now, Helen will tell us the next steps to make these investments real for children and family.

BLANK: Thanks, Danielle. First, we have to remember that this is a budget proposal from the administration and the Congress has to pass their own budget plan. This is the administration's outline. That will happen between now and April or May and it's important that we begin to make it clear that these investments are needed and must be a priority for everyone in Congress. After Congress passes their budget agreement, they will move forward with appropriations. This is where most of our funding comes from and where we will have to make a very strong case in order to get the full \$1.6 billion for CCDBG and the \$989 million for Head Start and Early Head Start. That process starts early in the spring with individual members talking to Chairmen Obey and Harkin about their priorities. If child care and Head Start are not on members' priority lists, they will not receive new funding.

It's important that you start collecting stories, videos, and pictures of children, families, and providers and start now to tell your member of Congress how important high-quality early childhood programs are to the success of low-income parents and their children and communities. At the same time, we expect that the Early Learning Challenge Fund will move in the Senate. We

hope that the Senate will introduce a bill in the next few weeks and vote fairly quickly through a process that they call reconciliation.

There will be a very small window in which you will need to tell senators to vote for the bill. We will let you know when that is and be sure that you have the information you need to make the case.

We all know that this is confusing and a lot of programs and a lot of work. We will be developing a calendar of actions that will be on the NWLC website and others to help you plan for each phase and to highlight opportunities to work with members in district offices or in Washington. Let's open this up to questions.

EWEN: Great, thank you, Helen. First, let me remind our listeners that we have materials describing the fiscal 2011 budget proposals on both organization websites and those addresses are clasp.org and nwlc.org and they will continue to be updated as needed. If you would like to ask a question, please email your question to me at dewen@clasp.org at this time.

And Helen, we've already gotten many questions. For the first one, I would like you to talk again about the difference between discretionary money and mandatory money, as we've gotten a couple of questions asking "Does mandatory mean we won't have to keep asking for it, how do we get mandatory?" And we've mentioned it in both CCDBG and in the Early Learning Challenge Fund. So, can you talk about both of those?

BLANK: Sure. CCDBG is a very unusual program because it's funded with both discretionary and mandatory funds. It goes way back to when President Reagan did welfare reform, so I won't bore you. But the discretionary dollars are actually the dollars that we got increased in ARRA. They are dollars that you ask for every year and you usually – you ask the Labor, Health and Human Services and Education Appropriations Subcommittee for them. They do not have a state match and have to ask for them every year.

The mandatory dollars are set for five years. They do have a match. They have usually been tied to a TANF reauthorization. This year it's not for certain if at all that there will be a TANF reauthorization. And we'll be working to try to find opportunities to get the mandatory dollars increased with or without TANF reauthorization.

The committees that work on mandatory funding for CCDBG are the Senate Finance Committee and the House Ways and Means Committee. They are not the appropriations committees. It is a different group of members.

The mandatory dollars in the State Early Learning Challenge Grants are a little different. The funding for those dollars has already been identified through the savings achieved in the student loan reform bill (HR 3221, SAFRA) that the House passed last year. Those savings are already identified.

So, then, approximately \$9 billion over 10 years that we need for the Early Learning Challenge Funds would be automatically available or a similar amount once the Senate passes the SAFRA

Bill and the two sides conference. So, that money is more – in the bag. The child care mandatory money, we are all going to have to do a lot of work on. And, you know, we have to ensure that the challenge grants pass too, but once they pass the money will flow.

EWEN: And, Helen, you've talked about the timing of the challenge fund. What is the timing for CCDBG reauthorization?

BLANK: Well, we're going to have to work hard on making that one a reality. The committees that reauthorize CCDBG are the HELP committee in the Senate, and the Ed and Labor Committee in the House.

You realize it involves many, many changes. The Ed and Labor Committee is also working on the child nutrition reauthorization and several other reauthorizations, and may work on ESEA reauthorization as well. So, we are going to have to push hard to encourage those committees to take the signal from the administration and move a CCDBG reauthorization. We can't give you the exact timing, but, obviously, if it happens this year, it has to happen before they leave for the November elections.

EWEN: Great. We have had a couple of questions about the ARRA funding. So, let me see if I can answer those. One question was, how long did states have to spend the child care dollars under ARRA? And the answer is that they have two years to obligate those dollars and one additional year to expend them, and that's a difference in federal rules.

Basically, it means by the end of this year – Fiscal Year 2010--they have to say how they're going to spend the money and then they have another year to actually get them out the door, and that requires them to do contracts and make agreements to spend the money. On the Head Start money, there's only the two years to spend the money and it has to be done by the end of this Fiscal Year and Head Start has certainly gone most of the way towards spending that money with the caveat that they still have almost all of the \$100 million to spend on the state Early Childhood Advisory Councils.

So, again, we urge states to make sure that you're putting in those proposals. Right now, only Pennsylvania and one other state have been funded, although I know a bunch of states are in the process of submitting applications. Helen, did you want to add something?

BLANK: No, that says it all.

EWEN: OK. Another question we've gotten about Early Learning Challenge Grants would be to explain once again why I talked about them within the Department of Education and what the co-location or the co-administration of the program we think is going to be like, and Helen, can you start with that one?

BLANK: Well, you have to place money somewhere in some agency's budget, even though this is going to be a program that is expected to be jointly operated. So, the money sits in the U.S. Department of Education. Remember the money comes from a refocusing of the Student Loan Program, which is also in the Department of Education. There have been many, many meetings

and there will be many, many more between Joan Lombardi and Jacqueline Jones, who will be working on the implementation of the Early Learning Challenge Grants and it will be a shared venture, we're certain of that. But the program has to rest somewhere.

EWEN: And, we have a question about what we know about who will be able to get those funds? Would it only be state Departments of Education? And my understanding of what the legislation is, is that the governors will say which agency. But because it's only in the House Bill, we're not entirely sure but we think that's the intent. So, even though it's going through the federal Department of Education, it is not targeted to state education agencies only.

EWEN: Helen, can you now talk very specifically about how the ARRA funding got continued or discontinued in the President's proposal and what the relationship is of the \$1.6 billion to the \$2 billion in the ARRA and the \$989 million in Head Start to the \$2.1 billion in Head Start and Early Head Start and if you could explain to the participants.

BLANK: Oh my goodness. First of all, let me say that as advocates, you've done a very good job because we started out with almost a \$5 billion increase in early childhood in ARRA. And it was very important to be there to get the money in this year's budget. As soon as we got the ARRA money, we heard from you that, oh my goodness, what if we lose the ARRA money. So, the national advocates worked as a team to make sure that increasing investments in child care, in Head Start and Early Head Start were at the top of the agenda for the FY 2011 budget.

We were told just to discuss it as increasing investments and not as making ARRA money permanent. But it is important to understand what happened. CCDBG received a \$2 billion increase through ARRA. We would have liked to say that was \$2 billion and so, you should add that much permanently. However, that money was actually seen by the administration and written as \$1 billion would be available for Fiscal Year 2009 and \$1 billion for 2010.

Now, a state could have chosen to obligate, you know, all their money right away. But basically they saw the CCDBG money as adding a billion a year to the baseline. So, let's take one step at a time. So, if that was seen that way, that your state had a billion in Fiscal '09 to use and a billion Fiscal '10, then we got the ARRA \$1 billion continued and there is \$600 million available to support a reauthorization of CCDBG and to serve additional children.

In ARRA, Head Start received a \$1 billion increase and Early Head Start received a \$1.1 billion increase. Head Start had \$500 million for expansion and for improving the quality.

EWEN: In Early Head Start, there was \$500 million for fiscal 2010. So the \$989 million allows all of the children funded by the Head Start and the Early Head Start increases in ARRA to continue. It basically continues the ARRA money, with a little bit left over to improve quality and maybe a tiny bit for expansion. Head Start and Early Head Start will be able to maintain the expanded numbers of children.

What the budget does not do is allow us to take the next step in quadrupling Early Head Start that the administration had promised to do.

So let me just see if I can summarize for folks. In ARRA, we got \$2 billion in child care, which we're sort of thinking of as a billion a year for two years and we got \$2.1 billion in Head Start split evenly between the Head Start Preschool Program and the Early Head Start Program.

And when we look at the Fiscal '11 budget, we see efforts to maintain the expansion of Head Start and Early Head Start and possibly grow a little while making sure we do the COLA, and to invest in CCDBG and continue to grow the program and make some quality investments with the \$1.6 billion. That sound about right, Helen?

BLANK: Yes.

EWEN: Yes, great. So, we have a question on whether all of this expansion and change in the Early Learning Challenge Fund and the reauthorization priorities have implications for family, friend, and neighbor caregivers and families that need those caregivers because they work shifts and nights and weekends. And, Helen, do you want to start with an answer to that?

BLANK: Basically, the CCDBG is available to a range of providers that parents choose and nothing in the budget implies a change in that.

EWEN: Great. We have a question about the home visiting funds and I want to be really clear. We didn't talk about home visiting because it's part of the healthcare reform proposals that are still moving forward in Congress, and the budget excluded a lot of things related to health care reform just because they don't know what's going to happen.

But it's our knowledge and understanding that the home visiting program that the President proposed last year is still in the health care reform bill and is moving forward and we hope that we'll have something to say about that as the health care reform bills are all voted on. So, don't give up hope on home visiting. We think it's still there and we think there will be funds for it as we learn more about the future of health care reform.

Helen, we have a question about the CCDBG reauthorization priorities that you quoted from where the Administration talks a lot about improving quality. Listeners are wondering whether there's any definition of quality or whether we've heard any conversations about what quality means. Is that quality rating systems? Is it accreditation? Is it CLAS, ECERS, or some other scale? Can you just address what we think we know or don't?

BLANK: I think we don't. I think if you look at the agenda, which is on our website for affordable high quality child care, there's a mix of strategies to improve quality starting with basic improvements to health and safety to making sure the programs are monitored and inspected and the providers have minimum training to ensuring that the states have strong quality rating and improvement scales (QRIS) that include the components that are in the Early Challenge Fund. But I think we'll have to see how this plays out. Clearly, we're seeing themes that are similar to the Challenge Fund and similar to the agenda for affordable, high-quality child care.

As we think about minimizing the disruptions to children's development and learning, we all keep talking about a one-year eligibility re-determination period not based on income and you could

surmise that's what they are referring to. But this is going to play out over the year and we will all be working on it and keep you posted.

EWEN: We've had a couple of questions just generally around reauthorization and I just want to emphasize something Helen said earlier. As far as we know, there has not yet been a proposal to change things like tribal and territory set-asides so they'll stay the same within at least the distribution of these funds within the budget.

The supplanting language is not proposed to be changed within this budget proposal and the state match is not proposed to be changed within this budget proposal. All of those things could change as we move forward with reauthorization and actual legislative language but we don't have any of that yet. So, the FY 2011 budget doesn't propose changing any of those things.

Helen, we have a question which we've been asked lots of times. Do we have any sense yet of how many states will be eligible for the challenge funds given that the President put about \$9 billion over 10 years on the table?

BLANK: That's a good question. Some days, people tell you three states; and some days, they tell you five. We think that there are a number of states that believe that they would meet the criteria for a pathway grant. And so we would urge states to apply for a pathway or a development grant depending on where you think you fall on the continuum and to be helpful.

EWEN: OK. We have a question about what happened to TANF in the President's proposal. And the President's budget proposal calls for an additional \$2.5 billion dollars for the TANF Emergency Fund in 2011. Some of you may know that the Recovery Act funded the program at \$5 billion over fiscal year 2009 and '10. The proposal in the budget not only expands the money available but also expands the allowable uses of the Emergency Fund.

CLASP has written about that on our website (www.clasp.org) under Temporary Assistance and I urge folks to look at it. In addition, the budget proposal does an extension on of the FMAP provisions that were in ARRA for about six months. So, there is recognition within the proposal that states are still having trouble and that they still need fiscal relief for some time to come.

So, I hope that folks will look at that information about TANF because that has implications both within child care and in serving low-income working families. We have a couple of questions about related programs.

Helen, can you first start by talking about whether the budget says anything about funding for child care facilities? Because we know that's a big issue in our field.

BLANK: No, it doesn't actually. There is a child care facilities bill that has been introduced but it hasn't been considered or enacted. So, there's actually not a program or place to put funding for facilities—no specific program or place. Obviously, there are places in the Department of Education that might be support facilities or in the Promise Neighborhoods but the budget does not say anything specific about child care facilities.

EWEN: OK. We also had a question about the Campus Child Care Program and what happened with that. Can you talk a little bit about what that program is for those who may not know and what the budget's saying?

BLANK: The Campus Child Care Program (CCAMPIS) is in the U.S. Department of Education budget and it supports child care centers for students on campuses and there is \$16 million, which keeps the program at current funding with no increase proposed in the budget.

EWEN: And, Helen, is there anything within CCDBG reauthorization that would change the rules for students going to college or getting education to be eligible?

BLANK: No, just as Danielle said there's nothing in the budget that changes anything currently about how CCDBG operates and who's eligible.

EWEN: We had a question about whether funding from McKinney-Vento is in the proposal from the administration and whether any of the consolidation will affect that. I can say that McKinney-Vento itself, which is the program serving homeless children and making sure they get access to their local education programs, is flat-funded at \$65 million dollars. I didn't see anything in the consolidation language about McKinney-Vento. That doesn't mean that it won't be pulled into some of those consolidated programs. As I said, in talking about the U.S. Department of Education budget, there are still a lot of unknowns about the Department of Education proposal and how it will play out, and we fully expect that the Department will put out some fairly significant and comprehensive proposals for reauthorization of ESEA in the next month or so and we hope that those will address a lot of these questions both for infants and toddlers, preschool-aged children as well as for the K-12 System, that is funded already.

Let's see, we have a question about the Early Childhood Advisory Councils and the funding that is currently available and why it will go away. Let me see if I can start on that one.

The 2007 reauthorization of Head Start created the Early Childhood Advisory Councils but did not provide the funding. When the ARRA legislation passed last year, it set aside \$100 million in the Head Start money to allow states to create Early Childhood Advisory Councils. It is not competitive in the sense that some states will get one, some states won't. But it does require states to fill out an application and send it into the Office of Head Start before the end of this fiscal year, which is September 30th, 2010.

If a state doesn't apply for an Early Childhood Advisory Council grant and there is money left over, it's our understanding the money will just go away and we will lose it. I think that would be a huge lost opportunity for states because the governor can name an existing advisory council or can create a new one. There is much flexibility in how states can apply for the money. I know I've heard from a number of states that they're concerned about the match that's required. But the Office of Head Start has given a lot of flexibility to how states can use existing expenditures to meet that match and I want to encourage folks to look at the Office of Head Start FAQs to find out what they can do if they're having trouble with that.

So I hope that people will help their states apply for those dollars so we don't lose that hundred million dollars.

We have a question about Even Start and whether we know why the elimination was proposed and how it's being combined with other programs.

For many years now, Even Start has been proposed to be eliminated. There were some evaluations, which were controversial. The money is very diluted. It's a family literacy program and lots of folks don't have a real sense of what that does. We know from information from states and communities that Even Start has been of incredible value to families, particularly second language families in learning English and helping their children get access to early childhood programs. What we've been told by the U.S. Department of Education is that the family literacy component of Even Start is being folded into their new literacy grant program and that they have placed a focus on early literacy with the 15 percent set aside. And so, what I would expect, although, again, we don't know, is that when they write the guidance and regulation for that program and those applications for state and local education agencies, that they will clearly say family literacy is an important component, you need to think about how family literacy will be included.

But again, that's something we don't fully know at this time. We've had a question, Helen, about the Promise Neighborhoods and whether we can describe them to folks. Do you want to take a shot at that one?

BLANK: The Promise Neighborhoods, if any of you have watched our friend Geoff Canada's work in New York, are based on the idea of a comprehensive strategy where you would sweep a neighborhood and provide a range of services to families and children starting with infants and very, very strong improved schools in order to help low income children get a stronger start.

They're extremely comprehensive and they're seeing good results in New York. And the administration is anxious to expand this very, very innovative and ambitious concept. And Geoff Canada's program includes pre-school, an all-day pre-kindergarten program for four-year olds, and a Baby College with intensive support to expectant parents and parents with newborns.

EWEN: Helen, we're getting a number of questions about state match within the Challenge Fund. I think folks are recognizing where their states are in terms of limited resources. Can you talk about what we know about investments that will be required?

BLANK: Yes. The challenge grant does require a state match. However, there is language that indicates there would be some flexibility around the state match. I think everybody recognizes that these are very challenging times for states, and no one wants this money to sit unused because of the lack of a state match.

So, there are some parachutes around the state match in the challenge grants. And then, we'll have to see what the guidelines and regulations look like.

EWEN: And again, we have no idea what those will look like because we haven't gotten a bill out of the Senate and on the President's desk yet.

Let me see, we have another question, Helen, about, again, trying to understand the relationship of the Head Start money specifically to the number of children that were served in the ARRA fund. And can you just, again, talk about whether we think there's money for expansion in the \$989 million?

BLANK: All right. If there's any money for expansion, it's for a very small number of children, wouldn't you agree?

EWEN: I would agree.

BLANK: We haven't run the formulas yet. The formulas are now quite complicated. But the bulk of money will go to preserve the children who got funded under ARRA.

EWEN: OK. I have a question, Helen, you mentioned in your comments about the Child Care and Development Block Grant, that some of the quality money was increased. And we have some folks who are wondering how that relates to the four percent set-aside and what the increase means for quality investments?

BLANK: CCDBG in the statute has a minimum four percent quality set-aside. Over the years, in order to get additional money into CCDBG and into quality, we got the Appropriations Committees, remember the ones that decide every year, to add additional money for quality on top of the four percent.

And then we had quality set-asides for general quality and for infants and toddlers on ARRA. So what the President's budget proposal would do is increase those CCDBG set-asides in appropriations, both for quality and infant and toddler, the four percent would remain the same.

And at this point, there would be no direction to the states as to how to use those funds. They could continue to use those funds as they've been using them, they could use them for professional development, they could use them for quality rating systems or for infant-toddler specialists. There isn't any particular direction as how they have to be used at this stage.

EWEN: And it's an increase overall, correct?

BLANK: It is an increase overall. It's positive.

EWEN: It's all good. Helen, we have another question about FFN Care, and whether that quality money can be used for those providers.

BLANK: Quality money is now used to support FFN providers and there's nothing in the budget that indicates otherwise.

EWEN: OK. At this time, I do not have any other questions...

BLANK: Oh, I have one more.

EWEN: Go ahead.

BLANK: I have a question that somehow didn't get to you that asks how people might coordinate the state budgets to preserve services, if states are proposing cutbacks in anticipation of increased CCDBG funds and when would be the CCDBG funds be available.

We know that technically, fiscal year 2011 dollars are available on October 1st, 2010. Often the budget is not finished by then, but that is when states traditionally would have the money would be available as of October 1st. You know, it's hard to guide you as to coordinate your state budgets. If your state is proposing a large cut, I'm not sure I would say, well, don't worry, the Feds will make up for this. I think you have to fight hard against any state cuts in early childhood and fight hard for the new federal dollars.

Remember, this is just the budget, we haven't seen the money yet, the fat lady hasn't sung. And so, I'm not sure I would say to your state legislators that this is OK, cause the federal money will be coming. I would wage a strong fight on both ends.

EWEN: Great. So, we know that the big important message here is that the President has proposed a \$1.6 billion increase in the Child Care and Development Block Grant and \$989 million in Head Start and Early Start. So, Helen, sum that up for us, what are the immediate next steps to make sure that money goes to families?

BLANK: Well, there's actually three things that we need to do around Early Childhood immediately. And if all of the 1,100 people who may not be on the call but who signed up for it, join forces and roll up their sleeves, we should be in good shape.

The first thing that you can all do is write or email your members of Congress, your senators and your representatives and urge them to put Head Start and CCDBG increases into their appropriations request.

It's going to be time soon for the Washington's Birthday Congressional Recess in a week, make appointments for your members, to see your members when they come home and give them this message. You can urge your members to co-sponsor the Access to Nutritious Meals Act of 2009.

Senator Gillibrand and Representative Tonko have introduced identical bills in the Senate and House to provide more benefits under the Child and Adult Care Food Program for children in child care centers and family child care homes, and to reduce the onerous paperwork in this program, urge your members to co-sponsor these bills. It's simple because it is the same name in the House or in the Senate.

And the last thing to do, which is also an easy step, is if you're a national state or local organization and you haven't yet signed on to the letter that we have posted on our website supporting the Early Learning Challenge Fund, please sign on so when we send that letter to the Senate, we will show enormous support for this important new program.

EWEN: Great. Thank you, Helen. That's all we have time for at this moment, thank you, everyone for joining us today. Both a written transcript and an audio file of this phone call will be available on both of our websites, as well as additional information about the budget and appropriations processes as we move forward. That will be clasp.org, and nwlc.org.

If you have additional questions, please free to send them to either one of us, Danielle Ewen at dewen@clasp.org or Helen at hblank@nwlc.org. We will answer them to the best of our ability and we hope you all have a great day. Thank you so much for joining us. Bye-bye.

BLANK: Thanks.

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