

Overview of Federal Funding for K-12 and Early Childhood Education

L E G I S L A T I V E A N A L Y S T ' S O F F I C E

Presented to:
Assembly Budget Subcommittee No. 2 on Education Finance
Hon. Kevin McCarty, Chair





Role of Federal Government



Federal Government's First Educational Focus Was to Support Children in Poverty

- Federal role historically was limited, but it increased significantly with the 1965 passage of Elementary and Secondary Education Act (ESEA). The act provided federal funds to school districts with high proportions of low-income students.



Federal Role Has Continued to Increase Over Time

- As part of the 1994 reauthorization of ESEA, federal government required schools to administer standardized student tests, report test results, and develop school improvement plans if they did not meet certain performance expectations.
- As part of the 2001 reauthorization, the No Child Left Behind (NCLB) act expanded testing to more grades and required certain corrective actions if schools did not meet performance expectations.
- As part of the 2015 reauthorization, the Every Student Succeeds Act (ESSA) still requires testing but removes many of NCLB's repercussions.



Three Major Acts Govern Federal Role Today

- The Healthy, Hunger-Free Kids Act supports several child nutrition programs.
- The ESSA supports several elementary and secondary education programs.
- The Individuals With Disabilities Act supports services for students with disabilities.



Overview of Federal Funding



Federal Funding Makes Up About 10 Percent of Total K-12 Funding

- Over a dozen federal K-12 education programs and a total of \$7.5 billion in associated federal funding in 2017-18.
- Remaining funding comes from state (60 percent) and local (30 percent) sources.
- Federal funding share of total K-12 funding has ranged over past 15 years from 8 percent to 15 percent.



Some School Districts Rely More on Federal Funding Than Others

- Two-thirds of school districts receive less than 10 percent of their total revenues from federal programs. The remainder receive 10 percent or more.
- Districts with relatively large numbers of low-income students and English learners tend to rely more on federal funding.



Major Federal Education Programs



Child Nutrition Programs

- \$2.6 billion in federal funding proposed in 2017-18 for child nutrition programs.
- Largest programs are the National School Lunch Program and School Breakfast Program, which reimburse schools for providing meals.
- \$161 million in state funding proposed in 2017-18 to supplement federal reimbursements for school meals.



Programs for Students With Disabilities

- \$1.3 billion in federal funding proposed in 2017-18 for special education.
- Most of this funding supports direct services for children with disabilities ages 3 through 22.
- \$3.8 billion in state funding proposed in 2017-18 for special education.



Major Federal Education Programs

(Continued)



Programs for Students From Low-Income Families

- \$2.6 billion in federal funding proposed in 2017-18 for ESSA programs.
- 75 percent of this funding supports Title I programs for low-income students.
- \$8.6 billion in state funding proposed in 2017-18 for supplemental services for low-income students and English learners.



Other ESSA Programs

- Supports several other aspects of K-12 education, including professional development, English learners, and afterschool programs.

Funding for Every Student Succeeds Act	
<i>Proposed 2017-18^a (In Millions)</i>	
Support for:	
Low-income students (Title I)	\$1,958
Teachers and administrators (Title II)	238
English learners (Title III)	145
After-school programs and charter schools (Title IV)	164
Rural schools (Title V)	1
American Indian education (Title VI)	7 ^b
Schools on federal lands (Title VII)	85 ^b
Total	\$2,598

^a Does not include various competitive grant awards. In 2016, we estimate California educational entities received a total of \$60 million in competitive grant funding.

^b LAO estimates.



Other Federal Funding



Two Other Notable Federal Education Programs

- Carl D. Perkins Career and Technical Education Act provides about \$50 million annually for career technical education.
- McKinney-Vento Homeless Assistance Act provides about \$7 million annually for extra services to homeless youth.



Other Grants Allocated Directly to Educational Service Providers or Schools

- Telecommunication providers annually receive hundreds of millions of dollars from the Federal Communications Commission to provide Internet services to schools.
- Schools receive federal Forest Reserve funds to offset loss of timber revenue on federal lands.



Federal Funding for California Department of Education (CDE) State Operations

- \$161 million in federal funding proposed in 2017-18 for CDE state operations.
- Federal funding supports almost 70 percent of CDE operations budget. Remainder comes from state (20 percent) and other (10 percent) sources.



Federal Funding for Child Care and Preschool



Some Federal Funding Flows Through State Agencies

- CDE and California Department of Social Services receive some federal funding that they in turn distribute to child care and preschool providers.



Child Care and Development Fund

- \$606 million in 2017-18 for child care and preschool programs.
- As a condition of receiving federal funding, California is required to spend \$85 million in 2017-18 for activities intended to improve the quality of child care.



Temporary Assistance for Needy Families

- \$4 billion in 2017-18 for a variety of programs benefiting low-income Californians. Funds may be used to subsidize child care.
- Majority of funds (\$2.4 billion) pay for a portion of costs in the California Work Opportunity and Responsibility to Kids (CalWORKs) program. Of this amount, \$446 million supports child care for CalWORKs families.



California Blends Federal and State Funds

- California combines federal and state funds to support child care and preschool programs.
- In 2017-18, the Governor proposes providing \$2.7 billion in state funds for these programs.



Child Care and Preschool Programs Funding by Source

(In Millions)

	General Fund	Federal Funds		Total
		CCDF	TANF	
CalWORKs Child Care				
Stage 1	\$70	—	\$316	\$386
Stage 2	375	—	130	505
Stage 3	113	\$189	—	303
Subtotals	(\$558)	(\$189)	(\$446)	(\$1,193)
Non-CalWORKs Child Care				
General Child Care ^a	\$188	\$131	—	\$319
Alternative Payment Program	108	170	—	279
Migrant Child Care	25	5	—	31
Care for Children With Severe Disabilities	2	—	—	2
Subtotals	(\$324)	(\$307)	—	(\$630)
Preschool Programs				
State Preschool ^a	\$1,040	\$53	—	\$1,093
Transitional Kindergarten	714	—	—	714
State Preschool QRIS Grant	50	—	—	50
Subtotals	(\$1,804)	(\$53)	—	(\$1,857)
Support Programs				
	\$25	\$57	—	\$82
Totals	\$2,711	\$606	\$446	\$3,763

^a General Child Care funding for State Preschool wraparound care shown in State Preschool. Assumes same amount of CCDF used for wraparound care as in 2016-17.

CCDF = Child Care and Development Fund; TANF = Temporary Assistance to Needy Families; and QRIS = Quality Rating and Improvement System.



Other Federal Funding for Child Care and Preschool

- ☑ **Some Federal Funding Given Directly to Program Providers**
- ☑ **Head Start and Early Head Start Programs**
 - Roughly \$1 billion in 2015-16 for Head Start and Early Head Start. Federal government allocates funding directly to local entities, including school districts, county offices of education, and nonprofit organizations.
 - Provide child care and preschool programs to low-income families. Also provide variety of support services, including health screenings and home visits.
 - In 2015-16, Early Head Start served 20,000 birth through two-year olds, and Head Start Served 89,000 three- through five-year olds.
 - CDE received \$3 million in federal Early Head Start Child Care Partnership Grant funding in 2017-18 to support Early Head Start programs in certain northern counties.