



Memorandum: Administration of HR 702, the PRE-K Act

The following memo explains how the funding mechanism and federal match outlined in the *Pre-K Act* (HR 702) will work, and what states must do in order to qualify for this funding.

Apportionment of Funds to States

The Department of Education will divide up the annual discretionary appropriation of funds among states based on the proportion of children up to age five from families living below the federal poverty threshold within each state. The bill specifies that, in dividing funds in this way, no state shall receive an allotment of less than .25 percent of the total appropriation. Before distributing funding among the states, the Department of Education will reserve 1% of the total appropriation for grants to Indian tribes.

The state's initial apportionment of the total appropriation is referred to as the "base allotment," and is to be determined as though all states were to receive an apportionment of funding. Every state that is determined to be either a "selected" state or a "qualified" state will receive a base allotment. In the event that not all states receive a base allotment for a given year, the Department of Education will divide the leftover ("remainder") funding among qualified states in proportion to each qualified states' population of low-income children up to age five.

Qualified States

To be a "qualified" state, a state must—

- Submit an application that is approved by the Department of Education;
- Carry out a "State-funded preschool program" that requires the use of a research-based curriculum that is aligned with developmentally appropriate early learning standards, which must include the domains of Language Development, Literacy, Mathematics, Science, Creative Arts, Social and Emotional Development, Approaches to Learning, and Physical and Health Development;
- Follow "nationally established best practices" for group size and teacher-to-student ratios that are appropriate to the age group being served;
- Require that each teacher hold an associate degree or higher in early education or in a related field;
- Require that programs operate for at least the length of an academic year
- Have a plan for implementing a requirement that all teachers have a bachelor's degree in early childhood education within 5 years after the state first receives a grant; and
- Maintain average state and local per-child expenditures on its "preschool" program, maintain total state and local expenditures on its program, and maintain total state and local expenditures on child care services.

Selected States

To be a “selected” state, a state must—

- Submit an application that is approved by the Department of Education;
- Maintain average state and local per-child expenditures on its “preschool” program, maintain total state and local expenditures on its program, and maintain total state and local expenditures on child care services; and
- State that wish to be designated as “selected” must provide assurances that they will meet the definition of a “qualified” state within 2 fiscal years.
- 2 Caveats:
 - The Department of Education is not required to designate any states as selected states in a given fiscal year; and
 - The designation as a selected state remains effective for two years and then must be renewed by submitting a new application.

Applications

The bill outlines application procedures both for states that wish to be designated as “qualified” and “selected.” Both categories of states must appoint a lead agency to receive funding and supervise the administration of grant funding awarded under this act.

Use of Funds

States that receive a grant award under this act may use funds to enhance the quality of their programs for a variety of specified purposes at their discretion, with the limitation that “selected” states must meet the definition of a “qualified” state within 2 fiscal years. Qualified states may use up to 50% of their grant award to begin expanding enrollment in their pre-k program, starting with low-income communities, as long as one of the following two conditions are met:

- A federal appropriation of at least \$250,000,000 is provided for that fiscal year; OR
- The state has already implemented the following components of a high-quality pre-k program:
 - It meets the requirements of a “qualified” state (*see above*);
 - Each teacher holds a bachelor’s degree in early childhood education or in a related field with specialized training in early childhood education;
 - Each program provides full-day services at all locations;
 - Each program provides comprehensive health and referral services to at-risk children;
 - Each teacher is required to participate in on-going professional development;AND
 - Each program provides linguistically and culturally appropriate standards for children with limited English proficiency.

Matching Requirements

- Qualified States:
 - The State must provide a match that is not less than 30% of the federal funding provided under the base grant (note: this would not include distributions of any “remainder” funds which will vary each year).
- Selected States;
 - The State must provide a match that is not less than 50% of the federal funding provided under the base grant (note: this would not include distributions of any “remainder” funds which will vary each year).

Reporting

Each state that has received a grant must report annually on its activities, including on how the grant has improved the quality of its program(s) and activities carried out by the program, including demographic information, such as number and ages of all children served, number and ages of children with disabilities or limited English proficiency served, as well as the number of rural and low-income children served.

Proposed Authorization Level

\$1 billion annually