



**CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE**

June 7, 2005

**S. 1107
Head Start Improvements for School Readiness Act**

*As ordered reported by the Senate Committee on Health, Education,
Labor, and Pensions on May 22, 2005*

SUMMARY

S. 1107 would reauthorize the Head Start program through 2010. The program was authorized through 2003 by Coats Human Services Reauthorization Act of 1998 (Public Law 105-285) and has since been extended through annual appropriation acts.

CBO estimates that the bill would authorize additional appropriations of \$7.3 billion in 2006 and about \$39.1 billion over the 2006-2010 period, assuming that annual levels are adjusted for inflation when specific annual appropriation levels are not provided. (Without such inflation adjustments, the authorizations would total about \$38.7 billion over the 2006-2010 period.) CBO estimates that appropriation of the authorized levels would result in additional outlays of \$35.2 billion over the 2006-2010 period, assuming annual adjustments for inflation (and about \$34.9 billion without adjustments for inflation). Enacting S. 1107 would not affect direct spending or receipts.

S. 1107 contains no intergovernmental or private-sector mandates as defined by the Unfunded Mandates Reform Act (UMRA). Any costs to state, local, or tribal governments would result from complying with conditions for receiving federal assistance.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 1107 is shown in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars					
	2005	2006	2007	2008	2009	2010
SPENDING SUBJECT TO APPROPRIATION						
Head Start Spending Under Current Law						
Budget Authority ^a	6,843	1,400	0	0	0	0
Estimated Outlays	6,810	3,735	765	96	14	0
Proposed Changes:						
Head Start						
Estimated Authorization Level	0	7,215	7,515	7,815	7,958	8,102
Estimated Outlays	0	4,113	7,170	7,605	7,885	8,033
Bonus Grants to Centers for Excellence in Early Childhood						
Authorization Level	0	90	90	90	90	90
Estimated Outlays	0	5	51	87	89	90
Administrative Costs for Centers for Excellence in Early Childhood						
Authorization Level	0	3	3	3	3	3
Estimated Outlays	0	*	1	2	2	3
Research Activities for Centers for Excellence in Early Childhood						
Authorization Level	0	2	2	2	2	2
Estimated Outlays	0	*	1	2	2	2
Tribal Colleges and Universities Head Start Partnerships						
Estimated Authorization Level	0	10	10	10	11	11
Estimated Outlays	0	1	7	9	10	10
Total Proposed Changes						
Estimated Authorization Level	0	7,320	7,620	7,920	8,063	8,207
Estimated Outlays	0	4,118	7,230	7,706	7,988	8,138
Total Spending Under S. 1107						
Estimated Authorization Level	6,843	8,720	7,620	7,920	8,063	8,207
Estimated Outlays	6,810	7,853	7,995	7,802	8,002	8,138

NOTES: Components may not sum to totals because of rounding.

* = less than \$500,000.

a. The 2005 level is the amount appropriated for the Head Start program including an advance of \$1.389 billion for the 2004-2005 academic year. The 2006 level is the amount appropriated in an advance appropriation for the 2005-2006 academic year.

BASIS OF ESTIMATE

S. 1107 would reauthorize the Head Start program through 2010. The program is currently authorized through September 30, 2005, by the Consolidated Appropriations Act, 2005 (Public Law 108-447). For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2006, that the estimated amounts shown in the table will be appropriated for each year, and that outlays will follow historical spending patterns.

CBO estimates that S. 1107 would authorize total funding of \$39.1 billion over the 2006-2010 period assuming that "such sums" amounts provided after 2006 reflect adjustments for inflation. If the authorized amounts are appropriated, outlays would increase by \$4.1 billion in 2006 and by \$35.2 billion over the five-year period.

The above table presents CBO's estimates for the different components of the bill. For the overall Head Start program, the bill would specify authorized amounts for fiscal years 2006 through 2008 and would authorize the appropriation of such sums as may be necessary in 2009 and 2010. CBO's estimate of authorized levels in 2009 and 2010 is the authorized amount for 2008 adjusted for inflation. The amounts authorized for bonus grants, administration, and research for the Centers of Excellence in Early Childhood are specified in each year. For the Tribal Colleges and Universities Head Start Partnerships program, the bill specifies a 2006 level, and CBO's estimate of the authorizations from 2007 through 2010 is that amount inflated.

Head Start

S. 1107 would revise and reauthorize the Head Start program through 2010. The Head Start program provides comprehensive child development services to low-income children. Services include education, health, nutrition, and social services with the overall goal of increasing the school readiness of young children in low-income families.

The bill would authorize the appropriation of \$7.215 billion in 2006 (in addition to the \$1.4 billion already appropriated for that year), \$7.515 billion in 2007, \$7.815 billion in 2008, and such sums as may be necessary in 2009 and 2010. CBO estimates that the total authorizations for the 2006-2010 period would be about \$38.6 billion, assuming adjustments for inflation, with resulting outlays of \$34.8 billion over those five years.

Funding for this program currently is provided on a program-year basis through appropriations in two separate fiscal years: a current fiscal year appropriation and an advance appropriation available October 1 of the next fiscal year. Although the program has been

funded by two separate appropriations since 2001, funding does not need to be authorized separately because all of the funds for a program year could be provided in one appropriation.

Centers for Excellence in Early Childhood

The bill would permanently authorize appropriations of about \$95 million a year for a new Centers of Excellence in Early Childhood grant program. The Secretary of Health and Human Services (HHS) could designate 200 exemplary Head Start agencies as such Centers of Excellence. These centers would receive bonus grants to carry out various activities including enrolling additional children and providing training to teachers. The Secretary also would be authorized to make a grant to an independent organization to conduct research on the ability of centers to improve school readiness of the children receiving Head Start services and to measure the success of the centers. The bill would authorize \$90 million a year for bonus grants, \$2.5 million annually for HHS administrative costs, and \$2 million a year for research. CBO estimates that providing these amounts would result in outlays of \$338 million over the next five years.

Tribal Colleges and Universities Head Start Partnerships

S. 1107 would create a new Tribal Colleges and Universities Head Start Partnership program and authorize the appropriation of \$10 million in 2006 and such sums as may be necessary from 2007 through 2010. The bill would authorize the Secretary of HHS to award five-year grants to tribal colleges and universities to create education programs on tribal culture and language, to increase the number of Indian Head Start staff members and parents with advanced degrees in early childhood education and related fields, and for other purposes. CBO estimates that providing the necessary amounts would result in outlays of \$37 million over the 2006-2010 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1107 contains no intergovernmental or private-sector mandates as defined by UMRA. The bill would authorize over \$7 billion annually for fiscal years 2006 through 2010 to support Head Start and Early Head Start program activities, including new standards for the education and professional development of teachers serving program participants. Any costs incurred by state, local, or tribal governments would result from complying with conditions for receiving federal assistance.

PREVIOUS CBO ESTIMATE

On June 2, 2005, CBO transmitted a cost estimate for H.R. 2123, the School Readiness Act of 2005, as ordered reported by the House Committee on Education and the Workforce on May 18, 2005. That bill would authorize the overall Head Start program from 2006 through 2011 (as opposed to 2006 through 2010) and would authorize slightly less funding in those years than S. 1107. The Senate bill will authorize two new grant programs that are not included in the House bill.

ESTIMATE PREPARED BY:

Federal Costs: Kathleen FitzGerald

Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum

Impact on the Private Sector: Meena Fernandes

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis