



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 20, 2007

### **S. 556**

#### **Head Start for School Readiness Act**

*As ordered reported by the Senate Committee on Health, Education, Labor,  
and Pensions on February 14, 2007*

#### **SUMMARY**

S. 556 would reauthorize the Head Start program through 2012 and authorize two new, related grant programs. Head Start was authorized through 2003 by the 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 \$6.1 billion in 2008 and \$38.6 billion over the 2008-2012 period, assuming that annual authorizations are adjusted for inflation when specific annual appropriation levels are not provided. (Without such inflation adjustments, the authorizations would total about \$38.1 billion over the 2008-2012 period.) CBO estimates that appropriation of the authorized levels would result in additional outlays of \$34.5 billion over the 2008-2012 period, assuming annual adjustments for inflation (and about \$34.2 billion without adjustments for inflation). Enacting S. 556 would not affect direct spending or receipts.

S. 556 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. 556 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					
	2007	2008	2009	2010	2011	2012
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Head Start Spending Under Current Law						
Budget Authority <sup>a</sup>	6,889	1,389	0	0	0	0
Estimated Outlays	6,846	3,751	761	97	14	0
Proposed Changes:						
Head Start						
Estimated Authorization Level	0	5,961	7,650	7,995	8,147	8,307
Estimated Outlays	0	3,398	6,745	7,736	8,054	8,230
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	1	1	1	1	1
Estimated Outlays	0	*	*	*	*	1
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 Partnership						
Estimated Authorization Level	0	10	10	10	11	11
Estimated Outlays	0	1	8	10	10	10
Total Proposed Changes						
Estimated Authorization Level	0	6,064	7,753	8,098	8,250	8,410
Estimated Outlays	0	3,403	6,806	7,836	8,156	8,333
Total Spending Under S. 556						
Estimated Authorization Level	6,889	7,453	7,753	8,098	8,250	8,410
Estimated Outlays	6,846	7,155	7,567	7,932	8,170	8,333

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

\* = less than \$500,000.

a. The 2007 level is the amount appropriated for the Head Start program, including an advance of \$1.389 billion for the 2006-2007 academic year. The 2008 level is the amount appropriated in an advance appropriation for the 2007-2008 academic year.

## **BASIS OF ESTIMATE**

S. 556 would reauthorize the Head Start program through 2012. The program is currently authorized through September 30, 2007, by the Revised Continuing Appropriations Resolution, 2007 (Public Law 110-5). For this estimate, CBO assumes that the bill will be enacted before the start of fiscal year 2008, that the estimated amounts shown in the table will be appropriated for each year, and that outlays will generally follow historical spending patterns.

### **Head Start**

S. 556 would revise and reauthorize the Head Start program through 2012. The Head Start program provides comprehensive child development services to low-income children. Services include education, health, nutrition, and social services with the goal of increasing the school readiness of young children in low-income families.

The bill would authorize the appropriation of \$7.350 billion in 2008 (which includes the \$1.389 billion already appropriated for that year), \$7.650 billion in 2009, \$7.995 billion in 2010, and such sums as may be necessary in 2011 and 2012. CBO estimates that the total authorizations of additional appropriations for the 2008- 2012 period would be \$38.1 billion, assuming adjustments for inflation in 2011 and 2012, with resulting outlays of \$34.2 billion over those five years.

Funding for this program for a given fiscal year is provided by both a regular appropriation for that fiscal year and an advance appropriation provided earlier. 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 fiscal year could be provided in one appropriation.

### **Centers for Excellence in Early Childhood**

S. 556 would authorize appropriations of \$92.5 million a year for a new Centers of Excellence in Early Childhood grant program. The Secretary of Health and Human Services (HHS) could designate as many as 200 exemplary Head Start agencies as such Centers of Excellence in Early Childhood. Those 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 those 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, \$0.5 million annually for HHS administrative

costs, and \$2 million a year for research. CBO estimates that providing these amounts would result in outlays of \$331 million over the next five years. The outlay estimate reflects the assumption that spending for these new centers would occur over a two-year period rather than the four-year span for current Head Start centers.

### **Tribal Colleges and Universities Head Start Partnership**

S. 556 would create a new Tribal Colleges and Universities Head Start Partnership program and authorize the appropriation of \$10 million in 2008 and such sums as may be necessary from 2009 through 2012. The bill would authorize the Secretary of HHS to award grants for not less than five years 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 authorized amounts would result in outlays of \$39 million over the 2008-2012 period. The projected rate of spending is the average of the rates for two similar programs, Child Welfare Training and University Centers for Excellence in Developmental Disabilities.

### **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 556 contains no intergovernmental or private-sector mandates as defined by UMRA. Grant funds authorized by the bill would benefit state, local, and tribal governments that participate in the Head Start and Early Head Start programs. Any costs they incur from complying with increased management and oversight responsibilities or from implementing standards for educational performance would result from complying with conditions for receiving federal assistance.

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