Introduction:

Research shows that high quality early childhood care and education programs provide young children—particularly those from low-income families—with the tools to succeed later in life. Studies such as the HighScope Perry Preschool Study and the Title I Chicago Child-Parent Center Program found that children who participated in programs characterized by key features of high quality, including qualified staff, close and supportive adult relationships, and developmentally appropriate teaching, resources, and materials, experienced more positive education, health, and employment outcomes later in life than their non-program participant counterparts.

Federal Funding Resources

Federal funding streams are the primary means to support programs for low-income young children and their families at the state level. The two largest federally funded early care and education programs are:

- **The Child Care and Development Block Grant (CCDBG):** As a block grant program, CCDBG dollars flow to state agencies and allow states to define many elements of CCDBG eligibility, including income eligibility levels, reimbursement rates for child care providers, and licensure requirements. According to federal law, children up to age 13 who live in households earning under 85% of the state median income, and whose parents are participating in employment or related activities are eligible for CCDBG subsidy. States are required to spend a minimum of 4 percent of CCDBG funds on initiatives that improve child care quality, in addition to funds targeted for quality activities.

- **Head Start and Early Head Start:** Head Start funding is not a block grant. It is a federal to local program with specific policy rules that limit eligibility to children living in households under the federal poverty level (for the most part, although it is possible to serve children up to 130% of poverty), or whose families receive or would be eligible for public assistance if child care were not available. In addition, federal policy requires that 10 percent of funds be used to serve children with special needs or who are eligible for special education services.

In addition, state funds may pay for developmental support services targeted at infants and toddlers, and pre-kindergarten programs administered by state and/or local education agencies, often in partnership with community child care and Head Start providers.

The federal and state policies and funding mechanisms that support early care and education programs are undeniably complex, and many policy makers at the federal and state levels strive to streamline and align them.

However, in all states, the current reality is that no single federal or state funding stream can fully cover the cost of high-quality programs that meet the logistical needs of working families. Through strategic and coordinated approaches to financing, state law makers and administrators have been able to broaden...
the impact and reach of services provided by the host of early care and education programs available to low-income families.

Blending and Braiding = Higher Quality

Blending and Braiding funds are two common finance approaches used by states to maximize the efficiency and effectiveness of publicly funded early care and education programs.

- **BLENDING** funds refers to wrapping funding from two or more separate sources to pay for a unified set of program services to a group of children, such as full-workday or full-year services. In blending, costs do not have to be allocated and tracked by individual funding source.

- **BRAIDING** funds refers to coordinating funding from two or more sources to support the total cost of services to individual children, such as providing comprehensive support services paid for by Head Start to children receiving child care subsidy. In braiding, revenues are allocated and expenditures tracked by categorical funding source.

Federal program regulations involve strict guidelines that specify funds may not be used to “supplant” but only “supplement” other federal categorical funding. States that successfully implement Blended and Braided funding are in compliance with federal law.

These funding strategies do not constitute “double dipping” by states, but rather an efficient and strategic use of limited federal resources that maximize the impact of early care and education programs at the state and local levels. It is widely held that these finance approaches are more seamless and carry lower administrative costs at the state versus individual program level. At the individual program level, these financing models may risk leaving children and families vulnerable to losing services or experiencing gaps in service. Therefore, it is the job of state level policy makers and administrators to design policies and regulations that allow agency coordination of federal funding streams that support early care and education.

Blended and Braided funding approaches at the state level are relied upon for a range of reasons.

- **Bridging different program eligibility and service requirements:** Variation in family eligibility criteria and enrollment processes, programmatic and workforce requirements, and funding levels and payment mechanisms between the major program early childhood funding streams—Early Head Start, Head Start, childcare, state pre-k, and state infant-toddler (0–3) funding—make it difficult to finance comprehensive, full-workday, full-year early learning programs. For example child care subsidy programs require parents to be working or in school; Head Start programs do not carry this eligibility requirement.

- **Providing comprehensive and high quality services:** Research has identified key features of high quality early care and education programs, including qualified staff and wraparound support services. However, these requirements vary across programs and may affect the quality of experiences available to low-income children. For example, state pre-k is typically the only funding source that covers the cost of a certified teacher with specialized training in early education. Early Head Start and Head Start are the only funding sources that pay for dedicated family support personnel and health, mental health, nutrition, and social services. In addition, in most states reimbursement rates for child care, pre-k, and state-funded 0–3 programs have not been increased over the years making it increasingly difficult for providers to cover rising costs from year to year.

- **Offering continuity of care:** Research demonstrates that consistency over time in high quality program environments improve child outcomes. Over the course of a single day, children may have to shift between multiple care environments that may detract from their continuity in care and quality of experience. For example, typically, pre-k and Head Start funds only pay for half-day or school-day programming, requiring parents to secure child care subsidies or privately pay for the early morning and late afternoon hours that cover a full workday. The “school bus”
model of transporting young children between settings (e.g., children attend a pre-k classroom in the morning in a school building and a bus transports them to a child care center for afternoon care) is not a desirable collaborative model. Nor is dividing up and paying for hours of the day by “education” and “care.” Children should be moved from setting to setting as little as possible to promote service continuity through stable relationships with well-qualified teachers. Blended and Braiding funding models promote continuity of education and care throughout the day by shared teaching staff in one location.

- **Meeting the needs of working parents:** Many Head Start programs are offered for 3.5 hours a day, 9–10 months a year. Many states’ pre-k programs are funded for 2.5–3.0 hours a day for 180 days (school year) annually. Some Head Start and pre-k programs are offered on a 6.5-hour school-day schedule. And, child care assistance funding only covers the hours of the day that parents are working or in school or training. If parents work nights, weekends, or swing shifts, their children often cannot access high-quality programs that are available during the day.

Many states, including New Mexico, employ some variation of Blending or Braiding funds. For example, in New Mexico, state regulations allow for applying CCDBG funds to support additional care before and after state pre-k program hours. Other states with this practice in regulation include Arizona, Colorado, California, Florida, Georgia, Illinois, Louisiana, Nebraska, New York, and Oklahoma. There are several other promising Blending and Braiding strategies utilized by other states, including:

- **Florida and California:** Use non-CCDBG state funds to continue subsidy for families who no longer meet eligibility. For example a mother who secures a higher paying job may become ineligible for subsidy; however, state funds are used to allow her child to complete the program year of HS or pre-k blended funding allows her child to participate in.

- **Arizona, California, Colorado, Georgia, Nebraska, New York, Oklahoma:** Extend Head Start comprehensive service components to children during pre-k program participation hours.

- **Arizona:** States may also opt to expanding Braiding and Blending funding models to support comprehensive health, mental health, and nutrition services delivered to low-income to be truly comprehensive to meet the needs of young children from birth to school entry. For example, Arizona’s Child Care Nurse Consultant (CCNC) initiative has been supported through Maternal and Child Health funds, and state funding through the Early Childhood Development and Health Initiatives, also called First Things First. First Things First is a state birth to five initiative funded through a statewide dedicated tobacco tax that provides local councils with grants to address early childhood health and education needs. Arizona’s health consultants funded through the First Things First initiative provide no direct care or medical services to children in child care programs. Instead, they work with child care and early education programs to build their internal capacity to meet children’s health and developmental needs.

Funding alignment policies are most effective when other areas of policy alignment are also addressed, for example licensure, program standards, and eligibility requirements. States have also implemented innovative financing approaches that equalize funding resources across programs. For example, Illinois and Kansas have administered early childhood block grants, which formally link infant-toddler funding to pre-k funding through an infant-toddler set-aside that allows funding for evidence-based, high-quality 0–3 services to grow as preschool funds increase.

**Additional Resources:**
