



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 15, 2007

H.R. 1429 **Improving Head Start Act of 2007**

As passed by the House of Representatives on May 2, 2007

SUMMARY

H.R. 1429 would reauthorize the Head Start program through 2012. 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 \$6.0 billion in 2008 and \$36.9 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 \$35.5 billion over the 2008-2012 period.) CBO estimates that appropriation of the authorized levels would result in additional outlays of \$33.2 billion over the 2008-2012 period, assuming annual adjustments for inflation. (Outlays would total about \$32.0 billion without adjustments for inflation.) Enacting H.R. 1429 would not affect direct spending or receipts.

H.R. 1429 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The legislation would benefit state, local, and tribal governments and any costs they incur would result from complying with conditions of federal assistance.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1429 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
SPENDING SUBJECT TO APPROPRIATION						
Head Start Spending Under Current Law						
Budget Authority ^a	6,889	1,389	0	0	0	0
Estimated Outlays	6,846	3,751	761	97	14	0
Proposed Changes						
Estimated Authorization Level	0	6,017	7,503	7,643	7,784	7,931
Estimated Outlays	0	3,440	6,678	7,478	7,704	7,862
Head Start Spending Under H.R. 1429						
Estimated Authorization Level	6,889	7,406	7,503	7,643	7,784	7,931
Estimated Outlays	6,846	7,191	7,439	7,574	7,718	7,862

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

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

BASIS OF ESTIMATE

H.R. 1429 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 H.R. 1429 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 follow historical spending patterns.

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 act would authorize the appropriation of \$7.350 billion in 2008 (including the \$1.389 billion advance already appropriated for fiscal year 2008), and such sums as may be necessary in 2009 through 2012. It also authorizes such sums as may be necessary for 2008 through 2012 for a loan forgiveness program for Head Start teachers. CBO estimates that the total authorizations of additional appropriations for the 2008- 2012 period would be \$36.9 billion, assuming adjustments for inflation from 2009 through 2012, with resulting additional outlays of \$33.2 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.

As indicated above, H.R. 1429 (as passed by the House) would authorize the appropriation of such sums as may be necessary for fiscal years 2008 through 2012 for student loan forgiveness for Head Start and Early Head Start teachers. Teachers would be eligible for up to \$10,000 in loan forgiveness on loans made on or after October 1, 1998, provided that the borrower teaches in a Head Start program for at least three years, has a bachelor's degree in a field related to early childhood education, and is not in default on any loans. Assuming appropriation of the necessary amounts, CBO estimates that this provision would result in discretionary spending of \$110 million over the 2008-2012 period.

Based on teacher qualification and turnover data from the Head Start Program Information Report and student loan data from the National Postsecondary Student Aid Study, CBO estimates that between 1,500 and 2,000 new teachers each year from 2008 and 2012 would be eligible for and participate in the loan forgiveness program. An estimated 4,500 additional teachers hired prior to 2008 would also be expected to participate in the first year. The average amount of loan forgiveness during this period for an individual teacher would be approximately \$9,400.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 1429 contains no intergovernmental or private-sector mandates as defined in UMRA. Grant funds authorized by the bill would benefit state, local, and tribal governments that participate in the Head Start programs. Any costs they incur from complying with increased management and oversight responsibilities would result from conditions of federal assistance.

PREVIOUS CBO ESTIMATES

On March 22, 2007, CBO transmitted a cost estimate for H.R. 1429 as ordered reported by the House Committee on Education and Labor on March 14, 2007. The version of H.R. 1429 that was passed by the House incorporated amendments that were not in the version reported by the committee. This cost estimate includes a projected increase in the cost of the legislation of \$110 million over the 2008-2012 period, reflecting the impact of amendments adopted by the House.

On March 20, 2007, CBO transmitted a cost estimate for S. 556, the Head Start for School Readiness Act, as ordered reported by the Senate Committee on Health, Education, Labor, and Pensions on February 14, 2007. That bill would authorize the overall Head Start program from 2008 through 2012 and would authorize slightly more funding than H.R. 1429, including two new grant programs that are not in the House legislation. S. 556 also would establish a specific authorization level for Head Start for 2009 and 2010, whereas H.R. 1429 would authorize the appropriation of such sums as necessary for those years.

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