

Summary Points

- Federal pandemic relief funding is ending, leading to potential funding shortfalls for Arkansas's early childhood programs.
- State funding for the Arkansas Better Chance (ABC) Pre-K program has remained flat, reducing its purchasing power over time.
- The LEARNS Act shifted oversight of most ECCE programs to the Arkansas Department of Education (ADE).
- Arkansas relies heavily on federal funding, with federal sources making up 65% of total ECE funding in 2023.

Arkansas Early Childhood Care and Education (ECCE) Funding: An Overview

This brief provides an overview of the findings from a research report examining early childhood care and education (ECCE) funding in Arkansas. It explores trends in total and per-child expenditures, compares Arkansas's funding levels to neighboring states, and the impact of federal relief funds. The brief also offers policy recommendations to support the state's ECCE system.

Introduction

Early childhood education plays a vital role in supporting children's development, preparing them for K-12 success, and enabling parents to remain in the workforce. Arkansas funds early childhood care through a combination of federal, state, and local sources. However, with the expiration of federal relief funds and inflation outpacing state funding, sustaining and expanding access to high-quality early learning programs is becoming increasingly difficult.

Previous research from the Office for Education Policy surveyed nearly 800 Arkansas parents of young children. The survey found that most parents prioritized quality, location, and cost when selecting a pre-Kindergarten (pre-K) program. Additionally, parents believed that children who attended a pre-K program were more likely to be well-prepared for Kindergarten schoolwork and classroom environments.

This Brief

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This policy brief outlines the current funding landscape, key challenges, and policy recommendations to promote long-term ECCE sustainability in Arkansas.

Data and Methodology

This policy brief examines Arkansas's ECE funding trends using data compiled from state and federal program websites, as well as an annual national report on state public pre-K programs. The analysis draws from these multiple sources to assess how funding has changed over time and how Arkansas compares to neighboring states.

Data Sources

This dataset includes only funding sources with publicly available data that are consistently reported across states and years. Some funding sources are excluded due to the lack of consistent data across states during the time period of interest (e.g., child tax credits, Department of Defense funding, Title I funding, etc.). Future versions of this dataset may include additional funding sources if they become available.

This analysis integrates a diverse set of federal, state, and national datasets that capture ECCE funding and participation trends in Arkansas. The primary data sources include the following:

Child and Adult Care Food Program (CACFP): Data from the USDA's Food and Nutrition Service provides insights into meal reimbursements, participation rates, and federal cash payments for early childhood providers participating in this nutrition assistance program.

Child Care Access Means Parents in Schools (CCAMPIS): Funding records from the U.S. Department of Education track support for child care assistance aimed at low-income parents enrolled in higher education institutions.

Child Care Development Fund (CCDF) Federal grant allocation reports from the Administration for Children and Families (ACF) document CCDF spending levels, redistributed funds, and matching state contributions.

Child Population by Age Group → The Annie E. Casey Foundation's Kids Count Data Center provides annual estimates of the child population by single age, which helps contextualize funding per child.

Head Start and Early Head Start (HS and EHS) → Reports from the Office of Head Start outline federal funding, enrollment numbers, and program reach for these federally funded early learning programs.

Individuals with Disabilities Education Act (IDEA) Part B, Section 619 and Part C → U.S. Department of Education budget tables track state-level allocations for special education services targeted at preschool-aged children with disabilities.

Maternal, Infant, and Early Childhood Home Visiting (MIECHV) → Reports from the Health Resources and Services Administration (HRSA) detail funding levels and state-specific allocations for home visiting services that support at-risk families.

Preschool Development Grant Birth to Five (PDG B-5) → The First Five Years Fund tracks federal investments in state-level preschool quality and coordination initiatives.

Temporary Assistance for Needy Families (TANF) → The Office of Family Assistance provides financial reports detailing federal and state TANF spending on early childhood services, including pre-K and child care.

Arkansas Better Chance (ABC) Pre-K Program → State-level pre-K funding data is sourced from the National Institute for Early Education Research (NIEER) annual State of Preschool Yearbooks, which provide historical trends in state and federal pre-K expenditures.

Together, these sources provide an initial look at ECCE funding in Arkansas, capturing federal investments, state contributions, and funding trends over time.

Methodology

To provide a high-level view of early childhood funding in Arkansas:

- Publicly available data was aggregated at the state level, with comparisons drawn across years to identify trends in federal, state, and local contributions.
- Comparative analysis was conducted between Arkansas and neighboring states (Louisiana, Mississippi, Missouri, Oklahoma, and Tennessee), examining both total and per-child funding levels over time.
- Funding amounts were adjusted for inflation to provide an accurate comparison of spending power over time.

This descriptive analysis enables policymakers to better understand where funding comes from, how it is allocated, and how Arkansas compares regionally, helping inform decisions about future investments in early childhood education.

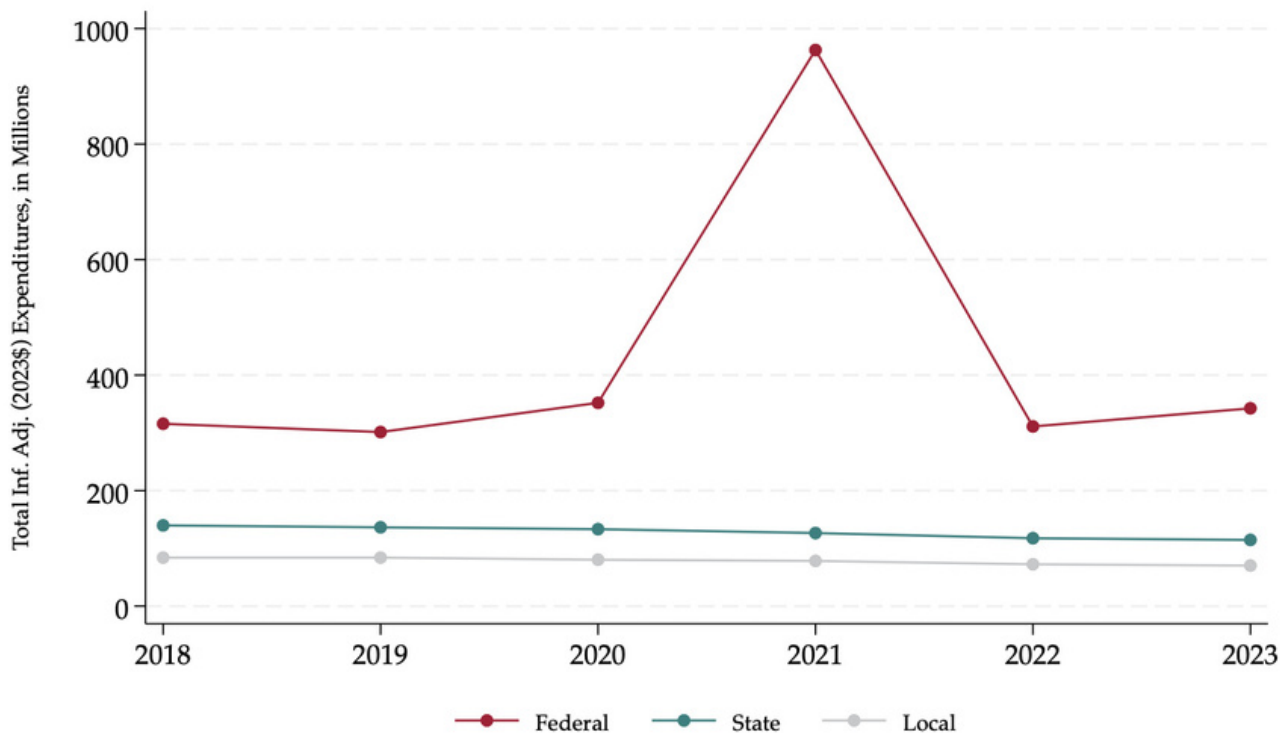
Key Findings

This section presents key findings from the analysis of Arkansas's ECCE funding trends, including total expenditures, per-child spending, and state comparisons.

Figure 1 shows the total inflation-adjusted ECCE funding from publicly available funding sources for Arkansas over the 2018 to 2023 period. The y-axis shows expenditures in millions of dollars. Three district lines represent federal (red), state (blue), and local (grey) funding sources.

Figure 1.

Inflation-Adjusted Expenditures by Arkansas's Federal, State, and Local Sources, (2018-2023)



Notes. Federal funding is the sum of the following program funding for Arkansas: Child and Adult Care Food Program; Child Care Access Means Parents in Schools; Child Care Development Fund (CCDF) (i.e., Federal Mandatory, Federal Share Matching Funds including Redistributed, Federal Discretionary, Federal Disaster Relief, Federal CRRSA Act, Federal ARP Act Discretionary, and Federal ARP Act Stabilization funds); Head Start and Early Head Start, Individuals with Disabilities Education Act Parts B, Section 619 and C; Maternal, Infant, and Early Childhood Home Visiting; Preschool Development Grant Birth to Five (i.e., the initial grant award and renewal grant annual awards); and Temporary Assistance for Needy Families: Early Care and Education Category (i.e., Federal TANF Transferred to CCDF Discretionary, Federal TANF Transferred to SSBG, Federal TANF Total Child Care and PK, and Federal TANF Home Visiting Programs). State funding is the sum of the following program funding for Arkansas: Arkansas Better Chance (ABC) State Pre-Kindergarten Program and CCDF funds (i.e., CCDF State Maintenance of Effort [MOE] and State Share Matching). Local funding is the estimated 40% contribution ABC grantees are required to provide.

From 2018 to 2023, Arkansas's ECCE system experienced significant fluctuations in funding, primarily driven by federal COVID-19 relief. Federal contributions peaked in 2021, reaching nearly \$1 billion due to temporary pandemic funding through the CARES Act, CRRSA, and ARPA. By 2023, funding returned to pre-pandemic levels, with federal sources comprising the majority of total funding in the state.

In contrast, state funding remained stable in nominal terms but declined in purchasing power due to inflation, totaling \$114.7 million in 2023. Local funding followed state trends, contributing \$70.3 million, though this amount is typically provided as in-kind contributions rather than additional funds.

Table 1:
Arkansas's Federal, State, and Local Funding Sources for ECCE in 2023

Program	\$, Millions	% of Total
Federal Funding		
CACFP	57.3	10.9
CCAMPIS	1.1	0.2
CCDF	126.8	24.0
HS & EHS	118.5	22.5
IDEA Part B	5.9	1.1
IDEA Part C	4.8	0.9
MIECHV	8.6	1.6
PDG B-5	12.0	2.3
TANF	7.5	1.4
<i>Subtotal - Federal Funding</i>	<i>342.5</i>	<i>64.9</i>
State Funding		
CCDF State MOE and State Share Matching	8.2	1.6
State Contributions to ABC PreK	106.5	20.2
TANF State MOE ¹	22.0	4.2
<i>Subtotal - State Funding</i>	<i>114.7</i>	<i>21.7</i>
Local Funding		
Local Contributions to ABC PreK ²	70.3	13.3
<i>Subtotal - Local Funding</i>	<i>70.3</i>	<i>13.3</i>
Total³	527.6	100.0

Notes. Abbreviations are as follows: CACFP = Child and Adult Care Food Program; CCAMPIS = Child Care Access Means Parents in Schools; CCDF = Child Care Development Fund; HS & EHS = Head Start and Early Head Start; IDEA = Individuals with Disabilities Education Act; MIECHV = Maternal, Infant, and Early Childhood Home Visiting; PDG B-5 = Preschool Development Grant Birth to Five; TANF = Temporary Assistance for Needy Families; MOE = Maintenance of Effort; ABC = Arkansas Better Chance State Pre-Kindergarten Program.

Table 1 presents a detailed breakdown of ECCE funding sources in Arkansas for 2023. The first column lists each funding source by federal, state, and local sources. The second column shows the amount in millions of dollars, and the third column indicates each source's percentage of the total funding.

Federal funding comprises the largest share, with CCDF (\$126.8 million) and Head Start/Early Head Start (\$118.5 million) accounting for nearly half of the total federal contributions. As a total, federal funding sources accounted for 65% of ECCE funding in the state (\$342.5 million). State funding totaled \$114.7 million, primarily from ABC contributions (\$106.5 million) as TANF State MOE is already included in the state's ABC contribution. Local funding, estimated at 40% of ABC grantee contributions, added a value of \$70.3 million, bringing the total ECCE funding to \$527.6 million.

Figure 2:

Total (Federal, State, and Local) Inflation-Adjusted ECCE Expenditures by State (2018-2023): Arkansas vs. Neighboring States

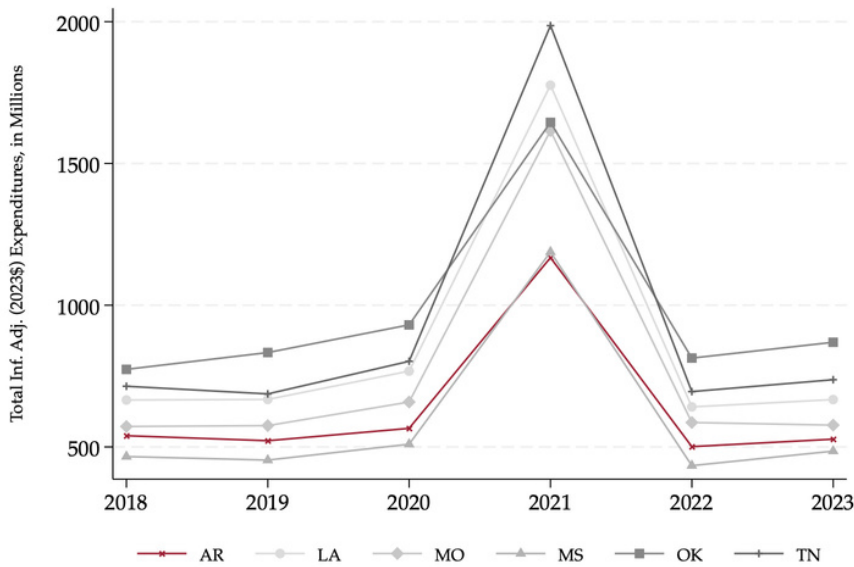


Figure 2 compares total inflation-adjusted ECCE expenditures in millions of dollars for Arkansas and neighboring states from 2018 to 2023. Each line corresponds to a different state, enabling comparisons of per-child investments over time. The sharp peaks in 2021 reflect temporary federal relief funding during COVID-19. After the 2021 peak, funding levels returned to pre-pandemic levels, with Arkansas's funding remaining relatively flat compared to states like Oklahoma (OK) and Mississippi (MS).

Figure 3:

State Only Inflation-Adjusted ECCE Expenditures by State (2018-2023): Arkansas vs. Neighboring States

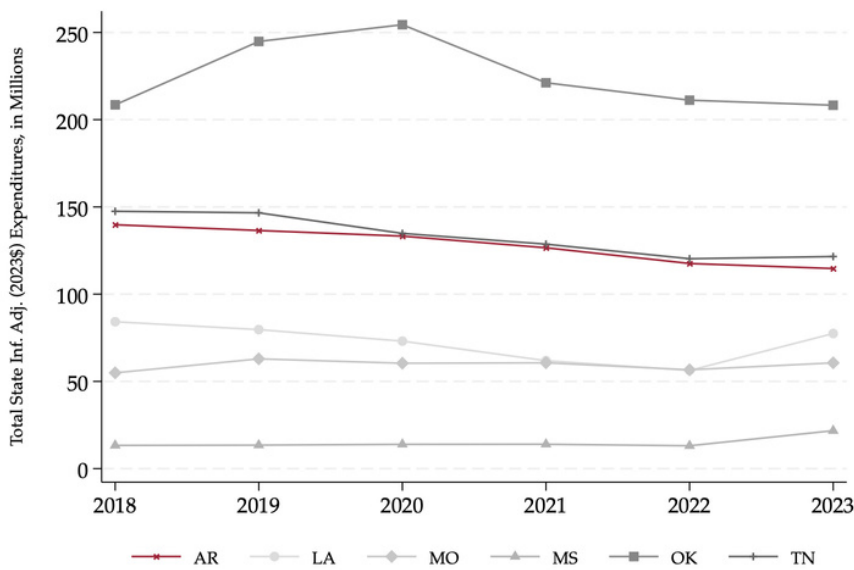


Figure 3 focuses on state-only inflation-adjusted ECCE expenditures, excluding federal and local contributions. Arkansas's state-level funding declined in real terms, while neighboring states like Louisiana (LA) and Mississippi (MS) showed slight increases in the last year. Oklahoma continued to lead the region, reflecting its investment in universal pre-K. Tennessee (TN) and Arkansas (AR) followed similar trajectories, with gradual declines in real spending.

Arkansas's ECCE funding trends are similar to those of other states in the region, with a temporary surge in 2021 due to federal relief funds. However, when compared to neighboring states, Arkansas's total expenditures have generally been lower, except for Mississippi.

The data from Figures 2 and 3 highlight Arkansas's reliance on federal funding, as its total expenditures are more impacted by federal relief funds than by increases in state or local contributions. Compared to its neighbors, Arkansas's state funding has not kept up with inflation, limiting its ability to expand programs like ABC and likely making it challenging to sustain the program at its current level. Oklahoma's higher spending reflects its long-term commitment to universal pre-K in the state. In contrast, Arkansas's reliance on temporary federal funding may limit its ability to sustain ECCE services at higher levels as relief funds expire.

Figure 4:

Total (Federal, State, and Local) Inflation-Adjusted Per Child Spending in ECCE: Pandemic Impact (2018-2023)

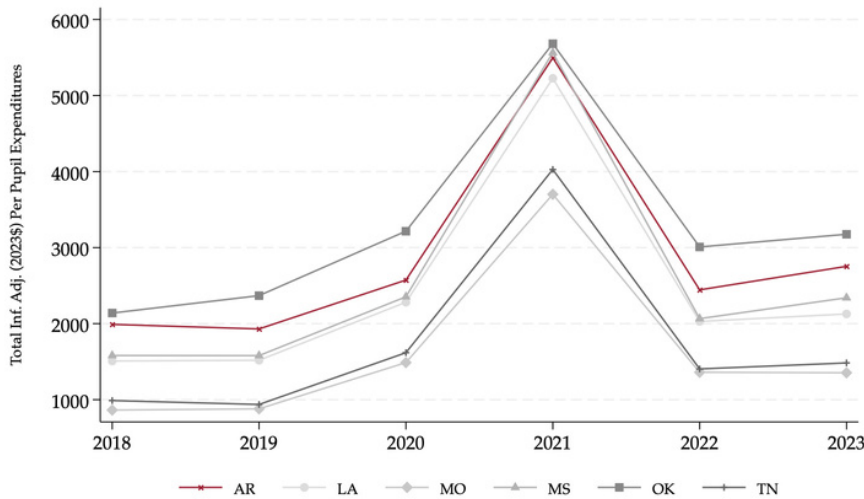


Figure 4 illustrates inflation-adjusted *per-child* ECCE spending in Arkansas and neighboring states from 2018 to 2023. The y-axis represents per-child spending, calculated using the total number of children under age six in each state. The sharp spikes in 2021 highlight the impact of federal relief funds, with spending returning to pre-pandemic levels by 2022.

Figure 5:

Total (Federal, State, and Local) Inflation-Adjusted Per Child Spending in ECCE : Trends Excluding CCDF Pandemic Funding (2018-2023)

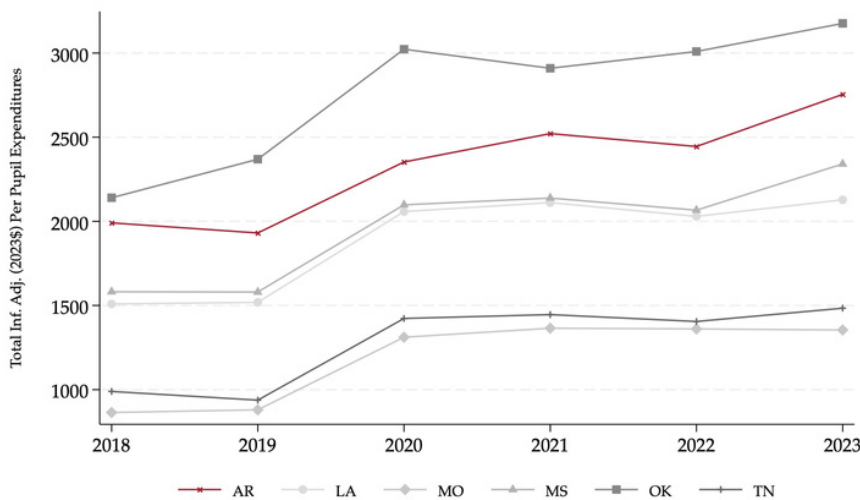


Figure 5 shows per-child spending trends, *excluding temporary CCDF-specific COVID-19 funding*. Arkansas's gradual increase in per-child spending reflects modest improvements, partly driven by a declining child population. Among neighboring states, Arkansas spends more per child than all but Oklahoma.

Arkansas's per-child ECCE expenditures, adjusted for inflation, showed a temporary spike in 2021 due to federal relief funds, reaching approximately \$5,300 per child. By 2022, per-child spending returned to around \$2,400, comparable to pre-pandemic levels. Excluding CCDF COVID-19 funding, per-child expenditures increased slightly over time, reflecting declining child populations and modest growth in federal baseline funding. Calculating per-child expenditures for specific programs would be more accurate but would require additional data, as children often participate in multiple programs simultaneously

Conclusions

Arkansas's ECCE funding relies heavily on federal sources, which accounted for 65% of total funding in 2023. While temporary federal relief funds provided critical support during the pandemic, their expiration has renewed focus on the state's need to increase its own investment in ECCE. State funding for the ABC program has remained flat, reducing its purchasing power and limiting program expansion and quality improvements. Although Arkansas's per-child spending is relatively high compared to neighboring states, sustaining and building on this investment is essential to ensure all children have the opportunity to access high-quality early learning opportunities.

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Policy Recommendations

The LEARNS Act transferred key ECCE programs to ADE, consolidating oversight within the Office of Early Childhood (OEC). This shift presents an opportunity to enhance coordination and reporting; however, its impact on funding and accountability remains uncertain. To ensure Arkansas's ECCE system remains stable and effective, policymakers should prioritize the following:

Increase State Funding

- ABC Pre-K funding has remained flat at \$106.5 million per year, reducing its purchasing power over time.
- The local match requirement for ABC providers mirrors state contributions, further limiting opportunities for program expansion and quality improvements.
- Without adjustments for inflation, the program's capacity to serve the same number of children will decline.
- Expanding investments in the ABC program will help restore purchasing power, support program growth, and reduce reliance on federal funding.

Leverage Federal Opportunities

- Continue pursuing federal grants and increasing participation in programs like CACFP and CCAMPIS to supplement state funding.
- Identify and adopt best practices from other states, making policy adjustments as needed to maximize funding impact.

Enhance Data Transparency

- Leverage the OEC within ADE to streamline reporting across funding sources and improve coordination across funding streams.
- Current funding data is fragmented across multiple publicly available sources, making it difficult for the average person to assess how resources are allocated.
- Creating a centralized funding database that tracks ECCE investments at the state and provider levels would support better decision-making, resource allocation, and transparency.

These strategies will help Arkansas build a more sustainable and resilient ECCE system, ensuring that all children have access to high-quality early learning opportunities that support their development and future success.

1. TANF State MOE data is included in the State Contributions to ABC PreK funding; therefore, we do not include it separately in the total amount of state funding.
2. Local Contributions are typically provided "in-kind" rather than as additional funding. However, we still count the value of this amount as the contribution is required in Arkansas for ABC grantees.
3. The total amount of funding is calculated by adding the federal funding subtotal, the state funding subtotal, and the local funding subtotal.