

DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES

CHILD CARE AND DEVELOPMENT BLOCK GRANT

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ADMINISTRATION FOR CHILDREN AND FAMILIES
Payments to States for Child Care and Development Block Grant

For carrying out sections 658A through 658R of the Omnibus Budget Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990), [\$2,099,729,000] \$2,082,910,000 shall be used to supplement, not supplant state general revenue funds for child care assistance for low-income families: *Provided*, That [\$19,120,000] \$18,967,040 shall be available for child care resource and referral and school-aged child care activities, of which [\$1,000,000] \$992,000 shall be for the Child Care Aware toll-free hotline: *Provided further*, That in addition to the amounts required to be reserved by the States under section 658G, [\$272,672,000] \$270,490,624 shall be reserved by the States for activities authorized under 658G of which [\$100,000,000] \$99,200,000 shall be for activities that improve the quality of infant and toddler care: *Provided further*, That [\$10,000,000] \$9,920,000 shall be for use by the Secretary for child care research, demonstration, and evaluation activities.

*Departments of Labor, Health and Human Services, and Education, and Related Agencies
Appropriations Bill, 2005*

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children and families
Child Care and Development Block Grant

Amounts Available for Obligation

	<u>2004</u> <u>Enacted</u>	<u>2005</u> <u>Enacted</u>	<u>2006</u> <u>Estimate</u>
Child Care and Development Block Grant	\$2,089,865,000	\$2,089,729,000	\$2,072,990,000
Research and Evaluation Fund	9,864,000	10,000,000	9,920,000
Enacted Rescission	-12,419,000	-16,808,000	
Subtotal, Adjusted Appropriation	\$2,087,310,000	\$2,082,921,000	\$2,082,910,000
Total Obligations	\$2,087,310,000	\$2,082,921,000	\$2,082,910,000

Child Care and Development Block Grant

Budget Authority by Activity

	<u>2004 Enacted</u>	<u>2005 Enacted</u>	<u>2006 Estimate</u>
Child Care and Development Block Grant	\$2,077,504,000	\$2,073,001,000	\$2,072,990,000
Research and Evaluation Fund	9,806,000	9,920,000	9,920,000
Total, BA	\$2,087,310,000	\$2,082,921,000	\$2,082,910,000

Budget Authority by Object

	<u>2005 Enacted</u>	<u>2006 Estimate</u>	<u>Increase or Decrease</u>
Rental Payments to GSA...	\$14,000	\$14,000	\$0
Advisory and assistance services (25.1).....	6,140,000	6,140,000	0
Other Services.....	130,000	130,000	0
Purchase of goods and services from government accounts (25.3).....	901,000	880,000	-21,000
Grants, subsidies and contributions (41.0).....	2,075,736,000	2,075,746,000	+10,000
Total, BA	\$2,082,921,000	\$2,082,910,000	-\$11,000

Child Care and Development Block Grant

Authorizing Legislation

	2005 Amount Authorized ¹	2005 Enacted	2006 Amount Authorized	2006 Estimate
Section 658B of the Child Care and Development Block Grant Act	\$1,000,000,000	\$2,082,921,000	\$2,099,994,000	\$2,082,910,000

¹ Authorizing legislation for the Child Care and Development Block Grant expired at the end of FY 2002.

APPROPRIATIONS HISTORY TABLE
Child Care and Development Block Grant

<u>Year</u>	<u>Budget Estimate To Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>
1996	1,048,825,000	934,642,000	934,642,000	934,642,000
1997	1,048,825,000	950,000,000	956,120,000	956,120,000
1998	65,672,000	937,000,000	963,120,000	1,002,672,000
1999	1,182,672,000	1,000,000,000	1,000,000,000	999,974,000
2000	1,182,672,000	1,182,672,000	1,182,672,000	1,182,672,000
2001				
Advance	1,182,672,000	1,182,672,000	1,182,672,000	1,182,672,000
Appropriation	817,328,000	400,000,000	817,328,000	817,196,000
Advance FY02	2,000,000,000	2,000,000,000	0	0
2002	2,199,987,000	2,199,987,000	2,000,000,000	2,099,994,000
<i>Rescission</i>				-15,000
				2,099,976,000
2003	2,099,994,000	2,099,994,000	2,099,994,000	2,099,994,000
<i>Rescission</i>				-13,649,961
				2,086,344,039
2004	2,099,729,000	2,099,729,000	2,099,729,000	2,099,729,000
<i>Rescission</i>				-12,419,000
				2,087,310,000
2005	2,099,729,000	2,099,729,000	2,099,729,000	2,099,729,000-
<i>Rescission</i>				16,808,000
				2,082,921,000
2006	2,082,910,000			

Child Care and Development Block Grant

Justification

	2004 Enacted	2005 Enacted	2006 Estimate	Increase or Decrease
Child Care and Development Block Grant	\$2,077,504,000	\$2,073,001,000	\$2,072,990,000	-\$11,000
Research and Evaluation Fund	9,806,000	9,920,000	9,920,000	0
Total, BA	\$2,087,310,000	\$2,082,921,000	\$2,082,910,000	-\$11,000

General Statement

The Child Care and Development Block Grant was created by the Omnibus Budget Reconciliation Act of 1990 (OBRA 1990) as a discretionary funded program. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (P.L. 104-193) made changes to this program by combining the child care entitlement programs (AFDC Child Care, Transitional Child Care and At-Risk Child Care) into the Child Care and Development Block Grant (CCDBG) Act of 1990, as amended. The entitlement portion consisted of mandatory and matching funds made available under section 418 of the Social Security Act, while the discretionary funding was authorized by the Child Care and Development Block Grant Act. The combined funding from these streams was designated the Child Care and Development Fund (CCDF).

The Child Care and Development Block Grant makes funds available for child care services and activities to improve the availability, accessibility, and affordability of child care. The program allows states maximum flexibility in developing child care programs and enables states to use resources most effectively to meet local needs. Child care subsidies funded through the Block Grant assist low-income families who are working or attending training/education. A minimum of four percent of funds are set aside for activities to provide comprehensive consumer education to parents and the public, activities that increase parental choice and activities designed to improve the quality and availability of child care (such as implementing state health and safety and licensing regulations and resource and referral services). Additional appropriation earmarks also designate funds for improving the quality and availability of care. Quality child care promotes literacy and prepares children to succeed in school.

Two percent of the funds are reserved for Indian tribes, and one half of one percent is reserved for the Territories. A quarter of a percent is reserved for technical assistance. The 2006 request

includes funding (\$9,920,000) for research and evaluation to promote the generation of critically-needed information for and about parents, children, and the child care market.

CHILD CARE AND DEVELOPMENT BLOCK GRANT

Authorizing Legislation – Legislation to reauthorize Section 658B of the Child Care and Development Block Grant Act is pending Congressional action.

2004 Enacted	2005 Enacted	2006 Estimate	Increase or Decrease
\$2,077,504,000	\$2,073,001,000	\$2,072,990,000	-\$11,000

2006 Authorization.....\$2,100,000,000 (reflects reauthorization level pending before Congress).

Statement of the Budget Request

The 2006 budget of \$2,072,990,000 for the Child Care and Development Block Grant program will provide funding to assist states in meeting the critical child care needs of families.

Program Description

The Child Care and Development Block Grant provides grants to states, federally recognized tribes, and territories for the purposes of: providing low-income families with financial assistance for child care; improving the quality and availability of child care; and establishing or expanding and conducting early child development programs and before- and after-school programs. Federal funds enable states, tribes and territories to provide child care services through grants, contracts, and certificates to low-income families for a parent who is working or attending training or educational programs. This program is designed to help low-income families succeed at work and remain self-sufficient.

Funding for the Child Care and Development Block Grant for the last five years has been as follows:

2001.....	\$1,989,927,500
2002.....	\$2,089,970,000
2003.....	\$2,076,409,000
2004.....	\$2,077,504,000
2005.....	\$2,073,001,000

These child care funds will:

- Allow each state maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within each state;
- Promote parental choice to empower working parents to make their own decisions on child care that best suits their family's needs;

- Encourage states to provide consumer education information to help parents make informed choices about child care;
- Assist states in providing child care to parents trying to achieve and maintain independence from public assistance and assist other low-income working parents to maintain quality child care services for their children; and
- Assist states in implementing the health, safety, licensing, and registration standards established in state regulations.

Performance Analysis

The child care program has two long-term goals. One, designed to promote employment and self-sufficiency, measures the extent to which lack of child care is a barrier for employment. Under this goal, there are two short-term measures: (1) maintain the proportion of eligible children served through CCDF, TANF, and SSBG as compared to the number of children in families with income under 150 percent of the Federal Poverty level, and (2) increase the proportion of centers and homes willing to serve families receiving child care subsidies.

The second long-term goal, designed to promote the quality of care and school-readiness of children, is to increase the percentage of young children (ages 3 to 5 not yet in kindergarten) from families under 150% of poverty receiving regular non-parental care showing three or more school readiness skills. Under this goal, there are two short term measures: (1) increase the number of states that have implemented state early learning guidelines in literacy, language, pre-reading and numeracy for children ages 3 to 5 that align with State K-12 standards and are linked to the education and training of caregivers, preschool and administrators, and (2) increase by ten percent each year the number of regulated child care centers and homes nationwide accredited by a recognized early childhood development professional organization.

In FY 2004, CCDF was assessed using the OMB Program Assessment Rating Tool. This process resulted in the Child Care Bureau (CCB) modifying most of its long-term goals and short-term measures to improve their precision as indicators of performance. CCB is now working to develop baselines for three out of four of its measures against which to assess future performance. For the second measure under long-term goal two (which remains unchanged) the Child Care Bureau exceeded its target in FY 2003 to increase the number of regulated child care centers and homes nationwide accredited by a recognized early childhood development professional organization. The FY 2003 target was 9,822, and the actual number accredited was 10,945. Accreditation of child care facilities has been linked to better outcomes for children and is accepted as marker of good quality care.

A PART review was conducted as part of the FY 2006 budget process, and the PART Summary and PART Recommendation charts follow the Rationale for the Budget Request.

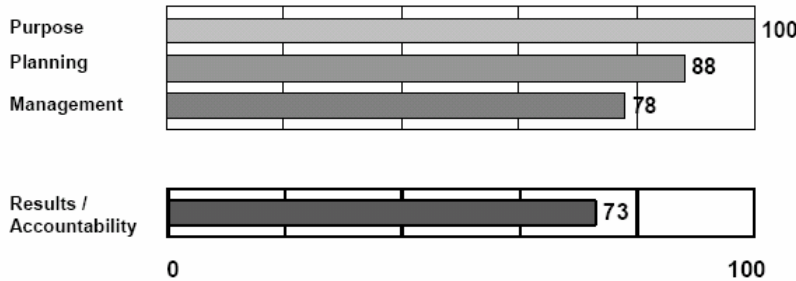
Rationale for the Budget Request

The 2006 request is the same as the FY 2005 enacted level. This request will continue ACF's commitment to providing resources that allow families to become and remain self-sufficient and productive members of society. These funds also allow families to access quality child care, which promotes child development, literacy, and school readiness.

Program: *Child Care and Development Fund*

Agency: *Department of Health and Human Services*

Bureau: *Child Care Bureau*



Key Performance Measures from Latest PART

	Year	Target	Actual
Long-term Measure: Measure Under Development	2009	1%	
	2003	Baseline	2.1%
Long-term Measure: Increase the percentage of young children (ages 3 to 5 not yet in kindergarten) from families under 150% of poverty receiving regular non-parental care showing three or more school readiness skills.	2011	42%	
	2001	32%	
Annual Measure: Increase the number of States that have implemented State early learning guidelines in literacy, language, pre-reading and numeracy for children ages 3 to 5 that align with State K-12 standards and are linked to the education and training of caregivers, preschool teachers, and administrators.	2007	25	
	2005	15	
	2004	10	
	2005	Baseline	3

Rating: *Moderately Effective*

Program Type: *Block/Formula Grant*

Program Summary:

The Child Care and Development Fund (CCDF) provides funds to States to improve the quality, accessibility and affordability of child care services for low-income families. It promotes economic self-sufficiency by enabling low-income families to gain and maintain employment.

The assessment found that CCDF plays a critical role for families transitioning from welfare to work and that child care subsidies expand parental access to a range of care options. Additional findings include:

- The program structure and use of vouchers maximizes parental choice and creates incentives for States to develop a single coherent system for families.
- The program's long-term goals and annual performance measures have been restructured to measure progress in improving the quality, accessibility and affordability of child care services for low-income families.
- The program's annual measures report only small progress towards long-term goals.
- The Agency cannot adequately demonstrate that the level of erroneous payments in the program is insignificant and oversight of grantee activities needs to be strengthened.

In response to these findings, the Administration will:

1. Continue to provide record high funding levels for the Child Care Development Fund.
2. The agency is implementing improved performance measures intended to provide more accurate assessments of annual progress towards long-term goals.
3. The Agency has initiated a series of activities to measure erroneous payments and improve grantee oversight.

Program Funding Level (in millions of dollars)

<u>2004 Actual</u>	<u>2005 Estimate</u>	<u>2006 Estimate</u>
4,804	4,801	4,801

Child Care				
1.	Recommendation	Completion Date	On Track? (Y/N)	Comments on Status
	Continue to measure and show progress in achieving long-term performance goals; test and refine the long-term measure to "reduce percentage of TANF families with children that are exempt from employment because child care is unavailable."		Y	In August and September, met with ACF Performance Management Office, Program Managers, ASPE officials, and others to examine more appropriate data sources and versions of the measure.
	Next Milestone	Next Milestone Date	Lead Organization	Lead Official
	Examine alternative data sources and versions of this measure	07/01/05	Child Care	Shannon Christian

Resource and Program Data
Child Care and Development Block Grant

	2004 Enacted	2005 Enacted	2006 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$2,072,285,725	\$2,067,793,697	\$2,067,828,472
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance	4,718,275	4,707,303	4,682,528
Program Support ¹	500,000	500,000	479,000
Total, Resources	\$2,077,504,000	\$2,073,001,000	\$2,072,990,000
<u>Program Data:</u>			
Number of Grants	320	322	322
New Starts:			
#	0	0	0
\$			
Continuations:			
#	320	322	322
\$	\$2,072,285,725	\$2,067,793,697	\$2,067,828,472
Contracts:			
#	4	4	4
\$	\$4,718,275	\$4,707,303	\$4,682,528
Interagency Agreements:			
#	0	0	0
\$			

¹ Includes funding for information technology support and other associated overhead.

RESEARCH AND EVALUATION FUND

Authorizing Legislation – Legislation to reauthorize Section 658B of the Child Care and Development Block Grant Act is pending Congressional action.

2004 Enacted	2005 Enacted	2006 Estimate	Increase or Decrease
\$9,806,000	\$9,920,000	\$9,920,000	\$0

2006 Authorization.....\$10M (reflects reauthorization level pending before Congress).

Statement of the Budget Request

The 2006 budget of \$9,920,000 for the Child Care and Development Block Grant Research and Evaluation Fund will provide funding to allow the continuation of efforts to further document emerging trends in the child care field and encourage evidence-based practices.

Program Description

In accordance with ACF's goal of ensuring healthy, safe and affordable child care for America's working families, this program will support research, demonstration, and evaluation activities designed to provide a sound basis for policy development, consumer education, and innovation toward improved child care services and systems for the 21st century.

Funding for the Child Care and Development Block Grant Research and Evaluation Fund has been as follows:

2001.....	\$9,991,000
2002.....	\$9,972,000
2003.....	\$9,935,000
2004.....	\$9,806,000
2005.....	\$9,920,000

Prior year funds have been used for a number of critical efforts, including:

- Rigorous evaluation of alternative state child care subsidy policies designed to identify effective strategies for improving outcomes for families and children.
- A multi-year, multi-site study of alternative approaches that show promise for improving the knowledge, skills, and performance of child care providers.
- Enhancement of states' capacity to collect administrative data and conduct policy-relevant research and analysis.

- Development of the Child Care and Early Education Research Connections archive to provide web-based access to reports, papers, briefs, data and other research-related information to child care researchers and policymakers.
- Promotion of research partnerships involving a variety of stakeholders to link research, policy and practice.

Performance Analysis

See the Child Care and Development Block Grant Performance Analysis section for a description of performance measures.

Rationale for the Budget Request

The 2006 request is the same as the FY 2005 enacted level. This request will support continuing research, demonstration, and evaluation activities. Increasing our knowledge of what child care services and systems work best and disseminating that knowledge throughout the country are important steps in improving the quality of care provided to our children. Research and evaluation will provide information and data for policy makers to make decisions about how best to use resources and develop innovative child care strategies. In consultation with researchers, policy makers and practitioners, ACF developed a comprehensive research agenda to develop the capacity to support ongoing and future child care research while at the same time answering key questions for child care policy, planning, and program administration.

Resource and Program Data
Research and Evaluation Fund

	2004 Enacted	2005 Enacted	2006 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$0	\$0	\$0
Discretionary			
Research/Evaluation	7,071,000	7,129,000	7,277,000
Demonstration/Development	2,435,000	2,491,000	2,343,000
Training/Technical Assistance	0	0	0
Program Support ¹	300,000	300,000	300,000
Total, Resources	9,806,000	\$9,920,000	\$9,920,000
<u>Program Data:</u>			
Number of Grants	28	23	29
New Starts:			
#	17	3	12
\$	\$2,849,211	\$90,000	\$2,430,000
Continuations:			
#	11	20	17
\$	\$4,615,543	\$6,600,000	\$5,201,000
Contracts:			
#	4	2	1
\$	\$1,280,988	\$2,330,000	\$1,468,000
Interagency Agreements:			
#	3	4	4
\$	\$465,000	\$600,000	\$600,000

¹ Includes funding for information technology support and other associated overhead.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
ADMINISTRATION FOR CHILDREN AND FAMILIES**

FY 2006 DISCRETIONARY STATE/FORMULA GRANTS

PROGRAM: Child Care & Development Block Grant (CFDA #93.575)

STATE/TERRITORY	FY 2004 Actual	FY 2005 Appropriation	FY 2006 Estimate	Difference +/- 2005
Alabama	\$41,347,694	\$41,574,362	\$41,573,969	-\$393
Alaska	4,238,361	4,058,874	4,058,836	-38
Arizona	47,827,110	49,264,832	49,264,367	-465
Arkansas	24,828,236	25,160,651	25,160,414	-237
California	236,072,938	229,313,555	229,311,391	-2,164
Colorado	23,901,292	23,439,958	23,439,737	-221
Connecticut	14,833,415	14,528,318	14,528,180	-138
Delaware	4,405,655	4,605,062	4,605,019	-43
District of Columbia	3,419,790	3,278,602	3,278,572	-30
Florida	113,431,958	113,701,293	113,700,221	-1,072
Georgia	74,026,303	74,992,988	74,992,280	-708
Hawaii	8,539,970	8,440,286	8,440,206	-80
Idaho	11,282,123	11,593,332	11,593,224	-108
Illinois	78,796,424	78,276,335	78,275,597	-738
Indiana	40,675,116	41,625,800	41,625,408	-392
Iowa	18,451,602	18,472,550	18,472,376	-174
Kansas	18,816,422	19,029,645	19,029,465	-180
Kentucky	34,865,897	36,065,643	36,065,302	-341
Louisiana	48,317,712	48,102,061	48,101,607	-454
Maine	7,274,434	6,963,613	6,963,548	-65
Maryland	28,257,196	27,004,464	27,004,209	-255
Massachusetts	26,968,527	26,244,647	26,244,400	-247
Michigan	59,304,102	59,473,984	59,473,423	-561
Minnesota	25,791,089	25,913,854	25,913,609	-245
Mississippi	33,350,381	33,165,186	33,164,873	-313
Missouri	39,717,544	39,484,161	39,483,788	-373
Montana	5,850,415	5,877,949	5,877,893	-56
Nebraska	11,786,473	12,008,236	12,008,123	-113
Nevada	12,666,448	13,303,688	13,303,562	-126
New Hampshire	4,953,144	4,892,086	4,892,040	-46
New Jersey	38,635,288	37,390,537	37,390,184	-353
New Mexico	18,661,819	18,814,211	18,814,033	-178
New York	112,927,457	109,664,681	109,663,646	-1,035
North Carolina	64,050,795	65,039,493	65,038,879	-614
North Dakota	4,128,478	4,027,359	4,027,321	-38

STATE/TERRITORY	FY 2004 Actual	FY 2005 Appropriation	FY 2006 Estimate	Difference +/- 2005
Ohio	69,472,724	68,799,842	68,799,194	-648
Oklahoma	30,891,348	31,772,547	31,772,247	-300
Oregon	22,511,389	22,330,947	22,330,736	-211
Pennsylvania	63,998,114	62,847,805	62,847,212	-593
Rhode Island	5,557,576	5,964,250	5,964,194	-56
South Carolina	36,762,237	37,591,497	37,591,142	-355
South Dakota	5,934,932	5,875,210	5,875,154	-56
Tennessee	45,806,620	45,485,688	45,485,258	-430
Texas	206,706,015	210,973,077	210,971,087	-1,990
Utah	21,301,089	22,446,029	22,445,817	-212
Vermont	3,159,672	2,993,744	2,993,716	-28
Virginia	40,721,683	40,273,777	40,273,397	-380
Washington	34,112,913	33,570,676	33,570,360	-316
West Virginia	13,655,595	14,288,728	14,288,592	-136
Wisconsin	30,503,926	30,374,011	30,373,726	-285
Wyoming	3,073,606	2,885,501	2,885,473	-28
Subtotal	1,976,571,047	1,973,265,625	1,973,247,007	-18,618
Indian Tribes	41,746,196	41,658,425	41,658,200	-225
American Samoa	2,751,540	2,514,556	2,514,543	-13
Guam	3,937,305	4,190,927	4,190,904	-23
Northern Mariana Islands	1,722,749	1,594,221	1,594,212	-9
Puerto Rico	42,537,814	41,463,358	41,462,968	-390
Virgin Islands	2,024,955	2,114,902	2,114,891	-11
Subtotal	94,720,559	93,536,389	93,535,718	-671
Total States/Territories	2,071,291,606	2,066,802,014	2,066,782,725	-19,289
Technical Assistance	5,218,274	5,207,303	5,207,275	-28
Research Set-Aside	9,805,802	9,920,000	9,920,000	0
Child Care Aware	994,100	991,931	1,000,000	8,069
Subtotal Adjustments	16,018,176	16,119,234	16,127,275	8,041
TOTAL RESOURCES	\$2,087,309,782	\$2,082,921,248	\$2,082,910,000	-\$11,248