

**CHILD CARE AND DEVELOPMENT FUND (CCDF)
STATE SPENDING UNDER THE FISCAL YEAR 2003 APPROPRIATION
AS OF 9/30/2005**

FY 2003 Highlights:

This summary provides cumulative information obtained from State financial reports submitted for the FY 2003 CCDF appropriation showing cumulative expenditures through September 30, 2005. The FY 2003 State reports detail expenditures from each of the CCDF funding streams (Mandatory, Matching, and Discretionary), as well as funds transferred from the Temporary Assistance for Needy Families (TANF) program to CCDF in FY 2003. Included are expenditures for administration, direct and non-direct services, and quality activities including Congressionally-mandated earmarks for (1) Child Care and Quality Improvement Activities; (2) Infant and Toddler Quality Improvement; and (3) Child Care Resource and Referral and School Age Care.

Compliance Assessment:

The CCDF statute stipulates that States meet several spending limits. Compliance of the individual requirements is assessed at the end of the Discretionary liquidation period. The close of the liquidation period for FY 2003 was 9/30/05; all States either met their spending limits or returned funds to the Federal Treasury. The details follow:

Administration. By law, no more than five percent of CCDF funds may be used for administrative costs from each appropriation year. States reported expending \$189 million, or 2.4 percent of total Federal and State expenditures (excluding MOE).

Quality Services. The statute requires that a minimum of four percent of CCDF expenditures be spent on quality activities (excluding Earmarked funds). States expended \$525 million, or 6.7 percent of total Federal and State expenditures for the FY 2003 appropriation year. An additional \$9.9 million was spent on quality services from State MOE expenditures, which are not included in the four percent requirement.

Earmarked Funds. States must expend at least to the level earmarked by Congress in each of the Discretionary earmarked categories. In FY 2003, the earmark for Child Care Quality Improvement Activities was \$171.6 million; States spent \$182.6 million on quality improvement, an additional \$11 million above the amount set-aside. The Infant and Toddler Quality Improvement Activities earmark was \$99.4 million; States spent \$103.8 million on quality improvements for Infant and Toddlers, also above the stipulated amount. The earmark for Child Care Resource and Referral and School Age Care was \$17.6 million; States expended \$23.6 million on these activities, well above the mandated amount.