

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
ADMINISTRATION FOR CHILDREN AND FAMILIES

CHILD CARE ENTITLEMENT TO STATES

TABLE OF CONTENTS

<u>FY 2006 BUDGET</u>	<u>PAGE</u>
AMOUNTS AVAILABLE FOR OBLIGATION.....	L-3
SUMMARY OF CHANGES.....	L-3
BUDGET AUTHORITY BY ACTIVITY.....	L-4
BUDGET AUTHORITY BY OBJECT.....	L-4
AUTHORIZING LEGISLATION.....	L-5
APPROPRIATIONS HISTORY TABLE.....	L-5
JUSTIFICATION:	
GENERAL STATEMENT.....	L-6
CHILD CARE ENTITLEMENT.....	L-7
RESOURCE AND PROGRAM DATA.....	L-11
STATE TABLES.....	L-14

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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Administration for Children and Families  
Child Care Entitlement to States

Amounts Available for Obligation

	2004 <u>Enacted</u>	2005 <sup>1</sup> <u>Estimate</u>	2006 <u>Estimate</u>
Appropriation:			
Annual .....	\$2,717,000,000	\$2,717,000,000	\$2,717,000,000
Re-appropriation of prior year funds .....	14,805,439		
Subtotal, Adjusted Appropriation .....	<u>2,731,805,439</u>	<u>2,717,000,000</u>	<u>2,717,000,000</u>
Total Obligations.....	\$2,731,805,439	\$2,717,000,000	\$2,717,000,000

SUMMARY OF CHANGES

2005 Estimate <sup>1</sup> .....	\$2,717,000,000
Total estimated budget authority.....	\$2,717,000,000
(Obligations) .....	\$2,717,000,000
2006 Estimate.....	\$2,717,000,000
(Obligations) .....	\$2,717,000,000
Net change.....	\$0
(Obligations) .....	\$0

<sup>1</sup> The FY 2005 funding level assumes enactment of the President's welfare reform reauthorization proposal. P.L. 108-308 authorizes Child Care entitlement funding through March 31, 2005.

Child Care Entitlement to States

Budget Authority by Activity

	<u>2004 Enacted</u>	<u>2005<sup>1</sup> Estimate</u>	<u>2006 Estimate</u>
State Mandatory Funds ..	\$1,177,524,781	\$1,177,524,781	\$1,177,524,781
Matching Child Care.....	1,478,342,719	1,478,342,719	1,478,342,719
Tribal Mandatory Funds.....	54,340,000	54,340,000	54,340,000
Training and Technical Assistance .....	6,792,500	6,792,500	6,792,500
Total, Budget Authority.	\$2,717,000,000	\$2,717,000,000	\$2,717,000,000

Budget Authority by Object

	<u>2005<sup>1</sup> Estimate</u>	<u>2006 Estimate</u>	<u>Increase or Decrease</u>
Printing and Reproduction.....	\$29,000	\$29,000	\$0
Advisory and assistance services.....	6,664,000	6,664,000	0
Grants, subsidies, and contributions.....	2,710,307,000	2,710,307,000	0
Total, Budget Authority.	\$2,717,000,000	\$2,717,000,000	\$0

<sup>1</sup> The FY 2005 funding level assumes enactment of the President's welfare reform reauthorization proposal. P.L. 108-308 authorizes Child Care entitlement funding through March 31, 2005.

Child Care Entitlement to States

Authorizing Legislation

	2005 Amount <u>Authorized</u>	2005 <sup>1</sup> <u>Enacted</u>	2006 Amount <u>Authorized</u>	2006 <u>Estimate</u>
Section 418 of the Social Security Act	\$2,717,000,000	\$2,717,000,000	\$2,717,000,000	\$2,717,000,000

APPROPRIATIONS HISTORY TABLE  
Child Care Entitlement to States

<u>Year</u>	Budget Estimate <u>To Congress</u>	House <u>Allowance</u>	Senate <u>Allowance</u>	<u>Appropriation</u>
1996				\$0
1997				\$1,967,000,000
1998				\$2,070,387,000
1999				\$2,166,938,000
2000				\$2,367,000,000
2001				\$2,567,000,000
2002				\$2,717,000,000
2003				\$2,717,000,000
2004				\$2,717,000,000
2005 <sup>1</sup>	\$2,717,000,000			
2006	\$2,717,000,000			

<sup>1</sup> The FY 2005 funding level assumes enactment of the President's welfare reform reauthorization proposal. P.L. 108-308 authorizes Child Care entitlement funding through March 31, 2005.

## Child Care Entitlement to States

### Justification

	2004 Enacted	2005 <sup>1</sup> Estimate	2006 Estimate	Increase or Decrease
State Mandatory Funds	\$1,177,524,781	\$1,177,524,781	\$1,177,524,781	\$0
Matching Child Care	1,478,342,719	1,478,342,719	1,478,342,719	0
Tribal Mandatory Funds	54,340,000	54,340,000	54,340,000	0
Training and Technical Assistance	6,792,500	6,792,500	6,792,500	0
<b>Total, BA</b>	<b>\$2,717,000,000</b>	<b>\$2,717,000,000</b>	<b>\$2,717,000,000</b>	<b>\$0</b>

### General Statement

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (P.L. 104-193) combined child care entitlement programs with different target populations (AFDC Child Care, Transitional Child Care and At-Risk Child Care) with the Child Care and Development Block Grant (CCDBG) Act of 1990. Effective October 1, 1996, the discretionary and mandatory child care funding under this Act, designated the Child Care and Development Fund, allows States maximum flexibility in developing child care programs and enables States to use resources more effectively to meet local needs. The Child Care and Development Fund includes Mandatory, Matching, and Discretionary components. (See also discussion in the Child Care and Development Block Grant section.)

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<sup>1</sup> The FY 2005 funding level assumes enactment of the President's welfare reform reauthorization proposal. P.L. 108-308 authorizes Child Care entitlement funding through March 31, 2005.

## CHILD CARE ENTITLEMENT

Authorizing Legislation – Legislation to reauthorize Section 418 of the Social Security Act is pending Congressional action.

2004 Enacted	2005 Enacted	2006 Estimate	Increase or Decrease
\$2,717,000,000	\$2,717,000,000	\$2,717,000,000	\$0

2006 Authorization.....\$2,717,000,000 (reflects level as proposed in the reauthorization pending before Congress).

### Statement of Budget Request

Funding levels included throughout this chapter are based on the levels included in the President's welfare reform reauthorization proposal pending before Congress.

### Program Description

The Child Care Entitlement Fund provides grants to states and federally recognized tribes 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 childhood programs and before-and-after school programs.

In conjunction with the Child Care and Development Block Grant, these 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 the 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.

Mandatory Child Care — Mandatory funds are allocated to grantees based on historic levels of Title IV-A child care expenditures.

Matching Child Care — Matching funds are those remaining after Mandatory funds and the two percent of the appropriation set aside for tribes and tribal organizations are allocated. Matching funds are available to states if three conditions are met by the end of the fiscal year in which Matching funds are awarded: (1) all Mandatory funds are obligated; (2) the state's maintenance-of-effort funds are expended; and (3) the state provides its share of matching funds at the FMAP rate. Unobligated funds not spent by states will be available for reappropriation in the next fiscal year.

Training and Technical Assistance — In accordance with program regulations the Secretary may withhold no more than  $\frac{1}{4}$  of one percent of Child Care Development funds made available for a fiscal year for the provision of training and technical assistance to states.

### Performance Analysis

See the Child Care and Development Block Grant budget discussion and the Detail of Performance Analysis section in the *Supporting Information* for performance measures related to the Child Care Entitlement Program.

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

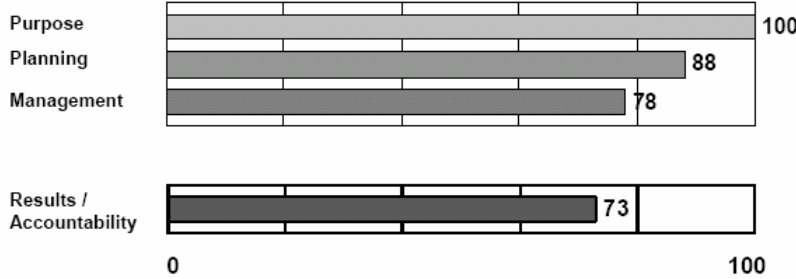
The FY 2006 request of \$2,717,000,000 — the same level as the President's FY 2005 budget request — will provide funding to assist states in meeting the critical child care needs of families. The Child Care Entitlement Fund helps states and communities to build the supply of high quality, affordable child care. The funds 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. All segments of society — parents, schools, employers, health providers, faith-based institutions and other charitable agencies, states and the federal government — must be involved to ensure access to quality child care.



**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 for quality, accessibility and affordability of child care services for low-income families. The program promotes economic self-sufficiency by enabling low-income families to maintain employment.

The assessment found that CCDF plays a critical role for family welfare to work and that child care subsidies expand parental options. Additional findings include:

- The program structure and use of vouchers maximizes parent incentives for States to develop a single coherent system for child care.
- The program's long-term goals and annual performance measures are not well-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 in improving the quality of child care services.
- The Agency cannot adequately demonstrate that the level of oversight of the program is insignificant and oversight of grantee activities is strengthened.

In response to these findings, the Administration will:

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

**Program Funding Level (in millions of dollars)**

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

<b>Child Care</b>				
1.	<b>Recommendation</b>	<b>Completion Date</b>	<b>On Track? (Y/N)</b>	<b>Comments on Status</b>
	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.
	<b>Next Milestone</b>	<b>Next Milestone Date</b>	<b>Lead Organization</b>	<b>Lead Official</b>
	Examine alternative data sources and versions of this measure	07/01/2005	Child Care	Shannon Christian

Resource and Program Data  
Mandatory Child Care

	2004 Enacted	2005 <sup>1</sup> Estimate	2006 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$1,177,524,781	\$1,177,524,781	\$1,177,524,781
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$1,177,524,781	\$1,177,524,781	\$1,177,524,781
<u>Program Data:</u>			
Number of Grants	297	298	298
New Starts:			
#			
\$			
Continuations:			
#	297	298	298
\$	\$1,177,524,781	\$1,177,524,781	\$1,177,524,781
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

<sup>1</sup> The FY 2005 funding level assumes enactment of the President's welfare reform reauthorization proposal. P.L. 108-308 authorizes Child Care entitlement funding through March 31, 2005.

Resource and Program Data  
Matching Child Care

	2004 Enacted	2005 <sup>1</sup> Estimate	2006 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula	\$1,493,148,158	\$1,478,342,719	\$1,478,342,719
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance			
Program Support			
Total, Resources	\$1,493,148,158	\$1,478,342,719	\$1,478,342,719
<u>Program Data:</u>			
Number of Grants	51	51	51
New Starts:			
#			
\$			
Continuations:			
#	51	51	51
\$	\$1,493,148,158	\$1,478,342,719	\$1,478,342,719
Contracts:			
#			
\$			
Interagency Agreements:			
#			
\$			

Note: FY 2004 includes reappropriated Matching funds from prior years.

<sup>1</sup> The FY 2005 funding level assumes enactment of the President's welfare reform reauthorization proposal. P.L. 108-308 authorizes Child Care entitlement funding through March 31, 2005.

Resource and Program Data  
Training and Technical Assistance

	2004 Enacted	2005 <sup>1</sup> Estimate	2006 Estimate
<u>Resource Data:</u>			
Service Grants:			
Formula			
Discretionary			
Research/Evaluation			
Demonstration/Development			
Training/Technical Assistance	\$6,792,500	\$6,792,500	\$6,792,500
Program Support			
Total, Resources	\$6,792,500	\$6,792,500	\$6,792,500
<u>Program Data:</u>			
Number of Grants			
New Starts:			
#			
\$			
Continuations:			
#			
\$			
Contracts:	5	5	5
#	\$6,792,500	\$6,792,500	\$6,792,500
\$			
Interagency Agreements:			
#			
\$			

<sup>1</sup> The FY 2005 funding level assumes enactment of the President's welfare reform reauthorization proposal. P.L. 108-308 authorizes Child Care entitlement funding through March 31, 2005.

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

**FY 2006 MANDATORY STATE/FORMULA GRANTS**

**PROGRAM: Child Care Entitlement to States-Mandatory (CFDA #93.596)**

<b>STATE/TERRITORY</b>	<b>FY 2004 Actual</b>	<b>FY 2005 Appropriation</b>	<b>FY 2006 Estimate</b>	<b>Difference +/- 2005</b>
Alabama	\$16,441,707	\$16,441,707	\$16,441,707	\$0
Alaska	3,544,811	3,544,811	3,544,811	0
Arizona	19,827,025	19,827,025	19,827,025	0
Arkansas	5,300,283	5,300,283	5,300,283	0
California	85,593,217	85,593,217	85,593,217	0
Colorado	10,173,800	10,173,800	10,173,800	0
Connecticut	18,738,357	18,738,357	18,738,357	0
Delaware	5,179,330	5,179,330	5,179,330	0
District of Columbia	4,566,974	4,566,974	4,566,974	0
Florida	43,026,524	43,026,524	43,026,524	0
Georgia	36,548,223	36,548,223	36,548,223	0
Hawaii	4,971,633	4,971,633	4,971,633	0
Idaho	2,867,578	2,867,578	2,867,578	0
Illinois	56,873,824	56,873,824	56,873,824	0
Indiana	26,181,999	26,181,999	26,181,999	0
Iowa	8,507,792	8,507,792	8,507,792	0
Kansas	9,811,721	9,811,721	9,811,721	0
Kentucky	16,701,653	16,701,653	16,701,653	0
Louisiana	13,864,552	13,864,552	13,864,552	0
Maine	3,018,598	3,018,598	3,018,598	0
Maryland	23,301,407	23,301,407	23,301,407	0
Massachusetts	44,973,373	44,973,373	44,973,373	0
Michigan	32,081,922	32,081,922	32,081,922	0
Minnesota	23,367,543	23,367,543	23,367,543	0
Mississippi	6,293,116	6,293,116	6,293,116	0
Missouri	24,668,568	24,668,568	24,668,568	0
Montana	3,190,691	3,190,691	3,190,691	0
Nebraska	10,594,637	10,594,637	10,594,637	0
Nevada	2,580,422	2,580,422	2,580,422	0
New Hampshire	4,581,870	4,581,870	4,581,870	0
New Jersey	26,374,178	26,374,178	26,374,178	0
New Mexico	8,307,587	8,307,587	8,307,587	0
New York	101,983,998	101,983,998	101,983,998	0
North Carolina	69,639,228	69,639,228	69,639,228	0
North Dakota	2,506,022	2,506,022	2,506,022	0

<b>STATE/TERRITORY</b>	<b>FY 2004 Actual</b>	<b>FY 2005 Appropriation</b>	<b>FY 2006 Estimate</b>	<b>Difference +/- 2005</b>
Ohio	70,124,656	70,124,656	70,124,656	0
Oklahoma	24,909,979	24,909,979	24,909,979	0
Oregon	19,408,790	19,408,790	19,408,790	0
Pennsylvania	55,336,804	55,336,804	55,336,804	0
Rhode Island	6,633,774	6,633,774	6,633,774	0
South Carolina	9,867,439	9,867,439	9,867,439	0
South Dakota	1,710,801	1,710,801	1,710,801	0
Tennessee	37,702,188	37,702,188	37,702,188	0
Texas	59,844,129	59,844,129	59,844,129	0
Utah	12,591,564	12,591,564	12,591,564	0
Vermont	3,944,887	3,944,887	3,944,887	0
Virginia	21,328,766	21,328,766	21,328,766	0
Washington	41,883,444	41,883,444	41,883,444	0
West Virginia	8,727,005	8,727,005	8,727,005	0
Wisconsin	24,511,351	24,511,351	24,511,351	0
Wyoming	2,815,041	2,815,041	2,815,041	0
<b>Subtotal</b>	<b>1,177,524,781</b>	<b>1,177,524,781</b>	<b>1,177,524,781</b>	<b>0</b>
Indian Tribes	54,340,000	54,340,000	54,340,000	0
<b>Subtotal</b>	<b>54,340,000</b>	<b>54,340,000</b>	<b>54,340,000</b>	<b>0</b>
<b>Total States/Territories</b>	<b>1,231,864,781</b>	<b>1,231,864,781</b>	<b>1,231,864,781</b>	<b>0</b>
Technical Assistance	3,532,100	3,532,100	3,532,100	0
<b>Subtotal Adjustments</b>	<b>3,532,100</b>	<b>3,532,100</b>	<b>3,532,100</b>	<b>0</b>
<b>TOTAL RESOURCES</b>	<b>\$1,235,396,881</b>	<b>\$1,235,396,881</b>	<b>\$1,235,396,881</b>	<b>\$0</b>

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

**FY 2006 MANDATORY STATE/FORMULA GRANTS**

**PROGRAM: Child Care Entitlement to States-Matching (CFDA #93.596)**

<b>STATE/TERRITORY</b>	<b>FY 2004 Actual<sup>1</sup></b>	<b>FY 2005 Appropriation</b>	<b>FY 2006 Estimate</b>	<b>Difference +/- 2005</b>
Alabama	\$22,395,866	\$22,357,606	\$22,357,606	\$0
Alaska	3,813,128	3,806,614	3,806,614	0
Arizona	30,922,407	30,537,291	30,537,291	0
Arkansas	13,849,710	13,665,437	13,665,437	0
California	197,097,517	194,509,901	194,509,901	0
Colorado	23,738,162	23,434,710	23,434,710	0
Connecticut	17,915,835	17,711,451	17,711,451	0
Delaware	3,898,428	3,845,045	3,845,045	0
District of Columbia	2,442,354	2,409,433	2,409,433	0
Florida	79,291,954	78,288,271	78,288,271	0
Georgia	47,294,507	46,689,474	46,689,474	0
Hawaii	6,139,176	6,057,888	6,057,888	0
Idaho	7,537,125	7,437,775	7,437,775	0
Illinois	67,507,356	66,610,830	66,610,830	0
Indiana	32,828,842	32,396,798	32,396,798	0
Iowa	14,061,633	13,866,378	13,866,378	0
Kansas	13,985,753	13,961,861	13,961,861	0
Kentucky	19,083,761	18,814,779	18,814,779	0
Louisiana	23,785,249	23,785,249	23,785,249	0
Maine	5,409,024	5,339,687	5,339,687	0
Maryland	28,305,999	27,931,211	27,931,211	0
Massachusetts	29,995,759	29,582,741	29,582,741	0
Michigan	51,749,832	51,749,832	51,749,832	0
Minnesota	25,128,318	24,783,796	24,783,796	0
Mississippi	15,621,202	15,411,263	15,411,263	0
Missouri	28,315,569	27,930,477	27,930,477	0
Montana	4,222,293	4,162,804	4,162,804	0
Nebraska	8,904,064	8,783,753	8,783,753	0
Nevada	12,096,126	11,949,338	11,949,338	0
New Hampshire	6,138,719	6,055,091	6,055,091	0
New Jersey	44,038,317	43,455,477	43,455,477	0
New Mexico	10,115,559	9,979,060	9,979,060	0
New York	95,027,412	93,736,495	93,736,495	0
North Carolina	43,142,484	42,591,607	42,591,607	0
North Dakota	2,884,222	2,842,739	2,842,739	0



<b>STATE/TERRITORY</b>	<b>FY 2004 Actual<sup>1</sup></b>	<b>FY 2005 Appropriation</b>	<b>FY 2006 Estimate</b>	<b>Difference +/- 2005</b>
Ohio	58,830,801	58,044,098	58,044,098	0
Oklahoma	17,610,900	17,580,815	17,580,815	0
Oregon	17,415,960	17,186,307	17,186,307	0
Pennsylvania	57,450,708	56,664,126	56,664,126	0
Rhode Island	4,870,123	4,802,307	4,802,307	0
South Carolina	20,022,239	19,747,062	19,747,062	0
South Dakota	3,892,578	3,839,337	3,839,337	0
Tennessee	28,934,219	28,550,002	28,550,002	0
Texas	126,722,210	125,093,433	125,093,433	0
Utah	12,568,630	14,786,623	14,786,623	0
Vermont	2,708,022	2,669,490	2,669,490	0
Virginia	36,137,995	36,137,995	36,137,995	0
Washington	30,419,567	30,359,606	30,359,606	0
West Virginia	7,801,366	7,694,611	7,694,611	0
Wisconsin	26,728,775	26,364,342	26,364,342	0
Wyoming	2,350,403	2,350,403	2,350,403	0
<b>Subtotal</b>	<b>1,493,148,158</b>	<b>1,478,342,719</b>	<b>1,478,342,719</b>	<b>0</b>
Technical Assistance	3,260,400	3,260,400	3,260,400	0
<b>Subtotal Adjustments</b>	<b>3,260,400</b>	<b>3,260,400</b>	<b>3,260,400</b>	<b>0</b>
<b>TOTAL RESOURCES</b>	<b>\$1,496,408,558</b>	<b>\$1,481,603,119</b>	<b>\$1,481,603,119</b>	<b>\$0</b>

<sup>1</sup> Includes reappropriated Matching funds from prior years.

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