Public Policy Institute *of* California

FEDERAL FORMULA GRANTS AND CALIFORNIA

Federal Child Care Programs

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About This Series

Federal Formula Grants and California

The federal government uses formula grants to distribute more than $400 billion annually to state and local governments to help them implement federal policies in such areas as health, transportation, and education. How much each government receives is determined by complex formulas that consist of many factors such as state population growth and per capita income. This series of reports provides detailed information on California's current and historical funding under the major federal grants and on the formulas used to determine California's share of funding under various specific grants.

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Tim Ransdell and Shervin Boloorian June 2005

Overview

The fast-growing, multibillion dollar federal child care financing system provides resources primarily to low- and moderate-income families to subsidize child care services and activities. With women entering the workforce in record numbers in recent years, government-supported public and private child care networks have come to serve as an economic aid for growing numbers of working families, including federal welfare recipients, those transitioning from welfare to work, and those at risk of growing dependent on other government assistance. Studies monitoring the effect of child care services indicate that the availability of such services can measurably increase the likelihood that a welfare family will successfully transition from government assistance to self-sufficiency, and this finding appears particularly true for more vulnerable single-mother families.[1]

Federal commitment to child care, dating back to the Great Depression, has been characterized by funding fluctuations and program fragmentation. The 1996 welfare reform law, entitled the Personal Responsibility and Work Opportunity Reconciliation Act or PRWORA, simultaneously consolidated and expanded federal child care funding streams.[2] The law offered greater discretion over the allocation of funds and dramatically increased child care allocations.[3] It imbued child care and development programs with a common mission and purpose and provided greater flexibility to states in the management and authority to transfer resources from other federal caches, such as the Temporary Assistance for Needy Families (TANF) grant, to pay for child care services.

With PRWORA's passage, Congress provided $2.97 billion in annual federal formula funding to provide aid to states for child care activities. By 2004, that amount had increased to $4.8 billion. California received $516 million of these funds—10.7 percent of total U.S. spending. Federal child care resources served 1.7 million children in 1 million families in 2003. California used its share of

[1]See Department of Health and Human Services, Assistant Secretary for Planning and Evaluation (ASPE) leavers study, Washington, D.C., 2002, available at http://www.aspe.hhs.gov/hsp/leavers99/ombsum.htm.

[2]The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193.

[3]In 1997, federal child care funding increased by $600 million over the previous year.

federal funding to serve 86 percent of the 153,600 children (102,800 families) to which the state provides child care services.[4]

Under PRWORA, federal assistance became available from three funding components operated under two programs, one of them new and the other previously established. Added to the existing Child Care and Development Block Grant (CCDBG) was a new program—the Child Care and Development Fund (CCDF)—and PRWORA directly appropriated funding for it through 2002.[5] CCDF supplies a guaranteed, or "mandatory," pot of federal dollars, as well as a second "matching" formula entitlement that requires the financial participation of states. Congress also amended and maintained authorization for CCDBG—which was also termed the "discretionary" child care formula grant program. Funding from these programs assists disadvantaged parents who may or may not be on welfare.

Unlike CCDF's automatic spending, the $2 billion provided annually since 2001 from CCDBG remains subject to annual Congressional appropriations. In addition, CCDF's welfare-related origins are evident in that the House Ways and Means Committee and Senate Finance Committee have jurisdiction over it, whereas CCDBG is authorized by the House Education and the Workforce Committee and Senate Health, Education, Labor, and Pensions (HELP) Committee.

In response to PRWORA's new standards and demands, the California Legislature revamped the state's welfare and child care systems and established new standards to match federal guidelines.[6] California's investment in child care and development programs ballooned in the several years following PRWORA's enactment.

Although PRWORA's welfare-to-work success led to sharp reductions in the state's welfare caseload, it also led to higher demand for child care services among transitional families. The number of children served by early care programs increased by 19 percent between 1998 and 2000.[7]

In recent years, the state's growing budget crisis has led policymakers to rein in program growth. Among states, California still offers the most generous child

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[4]U.S. Department of Health and Human Services, Administration for Children and Families, Child Care Bureau, *Child Care and Development Fund, Average Monthly Adjusted Number of Families and Children Served (FFY 2003)*, Washington, D.C., February 2005.

[5]As in many federal policy areas, the child care sector employs a variety of acronyms. The abbreviations and acronyms used in this report are shown in Appendix A.

[6]California State Code, Statutes of 1997, Chapter 270 (AB 1542).

[7]For additional information, see *The 2001 California Child Care Portfolio*, California Child Care Resource and Referral Network, San Francisco, available at http://www.rrnetwork.org/rrnet/resources_and_links/1046998625.php.

care benefits per low-income recipient, but many more children are eligible than receive benefits. (In contrast, other states offer smaller benefits to a broader percentage of eligible individuals.) Congressional proposals that continue to condition federal child care allocations on a state's capacity to maintain existing commitments may, as a result, conflict with state-level cost-cutting priorities.

This report reviews federal child care programs and the formulas used to distribute child care assistance funds to states. It complements a December 2002 report regarding federal welfare programs, which provide a remarkably high percentage of the nation's benefits to California.[8] However, as outlined below, federal child care funding is far less lucrative for the state. Whereas California receives 22 percent of annual U.S. TANF grant distributions, the state's share of funds provided by several child care formula grant programs is less than half as large—10.7 percent in 2004—well below the state's 13 percent share of the nation's children in poverty. The state's smaller share of child care formula grants forces California to dig deeper into its own pocket to maintain child care payments, an increasingly difficult task as more of the state's welfare recipients look to alternative assistance options because of TANF time limits.

This report will discuss California's child care receipts under the current formula framework contained in federal law, compare the state's experience to that of other states, and consider the effect of key child care reauthorization proposals in Congress on child care financing policies.

As it did with other domestic social service programs, PRWORA changed federal child care from a piecemeal, fragmented series of funding streams—some of them open-ended entitlements—into an integrated block grant system. The restructuring of child care streamlined federal administration of child care programs and added flexibility to state management of child care systems.

Reauthorization of federal child care programs, which are procedurally coupled with TANF and welfare programs, has languished since September 2002. Congress has passed several short-term extensions of program authority as it searches for agreement on a long-term renewal package. As it has done so, the differences among welfare and child care reauthorization plans have been less focused on structural adjustments than on divining an acceptable child care funding amount. Whereas there has been considerable debate regarding White House plans to increase work requirements for welfare-dependent families, many consider the primary stumbling block in the welfare reauthorization debate to have been striking a balance between budgetary constraints and desires for expanded child care offerings.

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[8]Tim Ransdell and Shervin Boloorian, *Federal Formula Grants and California: TANF and Welfare Programs*, Public Policy Institute of California, San Francisco, California, December 2002.

The reader should note that there are varying terms for the federal child care programs.[9] This report treats CCDF—established in 1996 as a dedicated funding stream to replace former welfare-related child care initiatives—as the combination of both mandatory and matching formula grants, whereas the acronym CCDBG identifies the single discretionary formula program. Some observers, however, broaden the term CCDF to encompass all of PRWORA's federal child care financing streams, including CCDBG. Whereas the Department of Health and Human Services (HHS) addresses the two funding streams as components of the single CCDF program, Congress treats CCDF and CCDBG as separate programs—under the jurisdiction of separate authorizing committees—and this report follows that approach.

In addition, there is a difference between allocations and expenditures, and this report will focus on allocations. The federal government allocates a set amount of child care dollars for each state for a specific fiscal year. On the other hand, a state may spend all, part, or none of a year's federal formula allocation in a single year; it may conserve the funds for expenditure over several fiscal years.[10] This report examines only the amounts initially allocated, without regard to state usage.

The Evolution of Federal Child Care Programs

Until its recent restructuring, the federal government's early care programs consisted of a fragmented collection of funding streams, gaining and losing significance and shifting in purpose according to the rise and fall of national challenges, crafted to suit a variety of target populations.[11] The evolution of the child care financing system parallels that of other domestic programs, in that it first resembled an incremental set of programs and later developed into categorical block grants.

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[9]This report examines the major child care programs and funding sources included in PRWORA. It does not discuss other federal early childhood care and education resources provided, for example, by Head Start, the child and adult food programs, and the Special Education: Preschool Grants program under the Individuals with Disabilities Education Act (IDEA). For additional information regarding some of these programs, see Tim Ransdell and Shervin Boloorian, *Federal Formula Grants and California: Head Start*, Public Policy Institute of California, San Francisco, California, October 2003; and Tim Ransdell, *Federal Formula Grants and California: Education Programs for Disabled Children*, Public Policy Institute of California, San Francisco, California, September 2003.

[10]In addition, many states define a fiscal year differently from the federal fiscal year. For example, state fiscal years in California run from July 1 through June 30, whereas federal fiscal years run from October 1 through September 30.

[11]For an expanded discussion of federal child care financing's prewelfare reform chronology, see Abby J. Cohen, "A Brief History of Federal Financing for Child Care in the United States," *Future of Children: Financing Child Care*, Vol. 6, No. 2, Summer/Fall, 1996, pp. 26–40.

Federal child care initiatives were first put on the map in the 1930s and 1940s as small assistance grants to help low-income families working their way out of the Great Depression, and programs later supported women engaged in wartime economy work.[12] Antipoverty and civil rights legislation in the 1960s created the Aid to Families with Dependent Children (AFDC) program, established the Head Start early education initiative, and expanded child care eligibility thresholds. In 1971, Congress attempted to fashion a $2 billion comprehensive child care system and provide universal care, but the legislation was vetoed by President Richard Nixon.

During the ensuing two decades, dramatic increases in the labor force participation of mothers and in the number of single-parent families fueled sharp growth in child care demand. The number of households headed by a single parent doubled from 12 percent of families in 1970 to 25 percent in 1990.[13] Whereas 12 percent of mothers with children below age 6 were engaged in work in 1947, the figure ballooned almost fivefold by 1990.[14]

Child care service offerings also increased during this period. According to the Census Bureau, child care establishments in the United States more than doubled, from 24,813 to 51,297 between 1977 and 1992.[15] The percentage of the nation's children in organized child care facilities increased from 13 percent in 1977 to 30 percent in 1993.[16]

After a significant surge in federal child care resources to states accompanying passage of the Title XX Social Security Act Amendments of 1974, child care funding did not grow significantly until the landmark Family Support Act (FSA) of 1988.[17] This law converted child care grant programs into an open-ended entitlement for welfare recipients, authorizing for the first time guaranteed child

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[12]The Lanham Act of 1940 (Public Law 76-862, 54) authorized $6 million in grants and loans to support child care facilities in war production areas.

[13]See Census-derived data from Unmarried America, *2000 Census—AASP Report*, Glendale, California, 2004, available at http://www.unmarriedamerica.org/Census%202000/children-living-with-single-parents-trends.htm .

[14]U.S. House of Representatives, Ways and Means Committee, *Overview of Entitlement Programs: The Green Book*, Washington, D.C., March 2004.

[15]Lynne M. Casper and Martin O'Connell, *State Estimates of Organized Child Care Facilities*, Population Division, U.S. Census Bureau, Washington, D.C., March 1998.

[16]U.S. Census Bureau, *Primary Child Care Arrangements Used for Preschoolers by Families with Employed Mothers: Selected Years, 1977 to 1994*, Washington, D.C., January 14, 1998 (Internet release date), available at http://www.census.gov/population/socdemo/child/p70-62/tableA.txt. By 1999, however, that percentage had declined from 30 percent to 22 percent, whereas "self care" (unsupervised children) increased from 1 percent in 1993 to 7 percent in 1999. (Also increasing was the percentage of children with "no regular arrangement." See U.S. Census Bureau, *Primary Child Care Arrangements Used by Employed Mothers of Preschoolers: 1985 to 1999*, Washington, D.C., October 28, 2003 (Internet release date), available at http://www.census.gov/population/socdemo/child/ppl-168/tabH-1.pdf.

[17]Public Law 100-485.

care assistance payments to all AFDC parents (with children under age 13) who were enrolled in work, training, or education activities. FSA further broadened the scope of child care eligibility with the establishment of the open-ended Transitional Child Care (TCC) program, which authorized aid to parents transitioning from welfare to work for up to one year.

Two years later, when it approved the Omnibus Budget Reconciliation Act of 1990, Congress expanded federal child care in two ways.[18] First, the law established a $2.5 billion discretionary program—the CCDBG—with the stated purpose of providing quality, affordable, and accessible child care to low-income families. A second avenue was the creation of a $300 million preventative At-Risk Child Care Program, to assist families with children at risk of slipping into welfare dependency.

Thus, the variety and funding availability of federal child care programs had grown significantly by the mid-1990s to keep pace with the surging number of mothers entering the labor force.

However, the result was a disjointed hodgepodge of child care assistance programs that was becoming increasingly problematic to manage by state and federal administrators alike. In 1994, the General Accounting Office (GAO) found early childhood care elements in more than 90 federal programs spanning 11 federal agencies.[19] There were four major programs, each tailored to target populations that sometimes overlapped and were adorned with a separate set of guidelines and reporting requirements. Services were uncoordinated, and provider inconsistencies across states developed. These issues loomed as reform of the nation's welfare system dawned.

The next and most recent phase of child care's evolution came shortly thereafter, a component of the comprehensive restructuring of the nation's welfare entitlement scheme. PRWORA, the transformative welfare reform plan enacted in 1996, transformed child care from a patchwork of federal assistance offerings into two grant programs with nearly identical objectives. In addition, welfare reform legislation also increased child care grant authorizations 27 percent above prior amounts.

The newly established CCDF repealed the AFDC child care assistance programs, consolidating them into a single program with one funding stream containing a mandatory allocation and a matching block grant component. States were granted the flexibility to assign child care awards freely to the

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[18]Public Law 101-508.

[19]In the report, *Early Childhood Programs: Multiple Programs and Overlapping Target Groups*, GAO identifies seven major child care initiatives that are responsible for 80 percent of federal early care and education funding.

different target populations formerly eligible. Further, PRWORA stipulated that CCDF money could be used for infant care, before- and after-school activities, child care quality improvements, and training for providers.[20]

CCDBG, a separate non-AFDC child care program in operation before welfare reform, was retained by PRWORA as a discretionary program and expanded with an emphasis on child care quality improvements and an expanded supply of providers.

To simplify matters for the states and beneficiaries, the goals, purposes, and eligibility requirements of both the CCDF and CCDBG pieces of child care were made uniform under welfare reform, and PRWORA expanded program management flexibility for states.

Welfare reform gave states the freedom to finance a broader range of child care activities with federal dollars. Pre-PRWORA child care policies already gave states some freedom to set a number of program specifications. Before 1997, California could set reimbursement rates for providers, income eligibility parameters, and licensing standards for child care services. The final version of PRWORA contained a mix of some new federal standards—accompanied by state compliance requirements—and a number of provisions offering states greater discretion in the design of their child care policies. Among these were greater latitude in the development of financing approaches and the authorization to set parent copayments, provider reimbursement ceilings, and accountability standards for provider certification. PRWORA also made it possible for states to use formula funds to improve the quality of care and availability of services as well as to expand access. For example, states were granted authority to institute a sliding fee scale for child care users.

To remain eligible for grants, federal law required that states submit, and secure HHS approval for, a comprehensive statewide plan for implementing child care policies and procedures that comply with federal guidelines. State plans must provide details regarding reimbursement rates, definitions for children with special needs, and how quality set-aside and earmarked funds will be used. Parents desiring assistance must show that child care services are necessary to facilitate their engagement in work, training, or education activities. Furthermore, federal law sets the maximum eligibility limit for CCDF recipients at 85 percent of the state median income (SMI) and directs states to use 70 percent of child care funds on specific target populations—TANF cash recipients, those transitioning from welfare to work, and those at risk of becoming dependent on government

[20]The law permitted facilities construction as an eligible expense for tribal organizations only.

assistance. Such requirements were meant to encourage states to put welfare populations first in line for child care aid.

The amount of federal funding available to support CCDF and CCDBG grants grew from $698 million in 1996 (CCDBG only) to $2.8 billion in 1998, the first year PRWORA became fully effective. Grant spending from the two programs continued to escalate, reaching $3.5 billion in 2000 and $4.8 billion in 2004. Accordingly, investments by states ballooned as well; combined state and federal child care expenditures in California quadrupled between 1996 and 2001.

California and Child Care

Demand for child care services in California is high, largely because the state's young child population is large and quickly growing. Over three decades, the number of children ages 0–4 in California increased more than 50 percent, from 1.6 million in 1970 to 2.5 million in 2000, whereas children in this age group in the nation's population increased just 12 percent, from 17.2 million to 19.2 million.[21] The proportion of California single mothers engaged in the labor force grew considerably in the 1990s, from 52 percent in 1993 to 70 percent in 2000.[22] In 2000, 1.5 million California children below age 5 received some form of child care assistance, compared to 11.5 million nationwide—13 percent of the national total. California's preschool-age population is projected to grow to 3.1 million children by 2010, according to the California Department of Finance.

State Child Care Expenditures and Programs

California offers a range of publicly funded child care direct services and subsidy programs to low-income parents on welfare, in school, or in a work-related arrangement. By and large, these funds are administered either by the State Department of Education (SDE) or the Department of Social Services (DSS) and implemented by the counties and local planning agencies. Program goals, eligibility requirements, and financing structures vary from program to program, but federally driven CCDF-related programs generally give priority to

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[21]See U.S. Census Bureau, *Census 2000 Summary File 1*, Table DP-1, *Profile of General Demographic Characteristics: 2000*, Washington, D.C. In 2000, 7.3 percent of Californians and 6.8 percent of the nation's residents were below age 5.

[22]For a more detailed discussion of California female labor force trends, see Deborah Reed, "Women, Work and Family in California," *California Counts*, Vol. 6, No. 2, Public Policy Institute of California, San Francisco, California, November 2004.

homeless children or those at risk of abuse or neglect, and then to those families earning the lowest annual incomes.[23]

A slight majority of California's early child care beneficiaries are enrolled in or progressing from the state's welfare system known as the California Work Opportunity and Responsibility to Kids (CalWORKs) program, which was budgeted $1.4 billion by the state in 2004. According to the State Senate Office of Research (SOR), CalWORKs child care assisted 229,000 children in 2000, whereas the state's non-CalWORKs child care and development programs benefited 216,000 children with an appropriation of $914 million in 2000.

CalWORKs guarantees welfare beneficiary families a range of child care service options, from private informal care, to group or family care, to certified day care services. Generally, families seeking aid remain eligible until they have timed out of cash assistance (PRWORA limited TANF welfare benefits to five years), but they may qualify for ongoing subsidized care as long as they earn below 75 percent of the SMI and their child is below age 13.

Non-CalWORKs parents seeking care, whether engaged in work or not, are selected on the basis of income eligibility, depending on availability of funds. If funding is insufficient, they are placed on waiting lists until slots open up or more resources are budgeted by the state.[24] After at-risk children and special populations receive assistance, families with the lowest incomes are given priority. In 1997, California acted to reduce the eligibility ceiling for child care subsidies from 85 percent to 75 percent of the SMI.[25] A family that earns less than $1,950 per month automatically qualifies for services and need pay no fees. Others are required to pay a portion of service costs according to a sliding fee schedule. Once a family's income exceeds the maximum SMI percentage threshold, it is required to pay the full cost of any child care services.

Whereas CalWORKS is primarily driven by TANF regulations and the state's General Fund, PRWORA gave states broad flexibility over the allocation of federal child care funds from different streams. California has exercised the option by drawing down CCDF resources to finance TANF child care services,

[23]Of federal awards to the state in state FY 2004–2005, roughly $244 million in federal funds was budgeted among the state's eligible child care programs, including the Migrant Child Care and Development Program, the state Preschool Program, and the California Community College Program. For an in-depth discussion of California's child care system, see California Budget Project, *Lasting Returns: Strengthening California's Child Care and Development System,* Sacramento, California, May 2001.

[24]Regardless of income or public assistance status, child care aid recipients are awarded child care subsidies in the form of either Alternative Payment (AP) vouchers or certificates to pay public or private center-providers under direct contract with the state.

[25]Until 2003, state law allowed a family already receiving subsidies and earning between 75 percent and 100 percent of the SMI to continue doing so until family income exceeded 100 percent of the SMI.

as well as by transferring TANF funds to provide child care services. Of $1.1 billion in federal child care block grant funds allocated by the state in state fiscal year 2003–2004, $215 million was budgeted to assist CalWORKs beneficiaries.[26]

Conversely, the amount of funding California transferred to child care *from* its TANF grant has grown to rival the state's entire allotment from both CCDF and CCDBG. In 2003, transferred funds accounted for more than half of the California child care budget, a steep increase from 24 percent in 1998.

Federal CCDF and CCDBG funding allocations to California, in part contingent on the state's providing matching grant funds, peaked at $532 million in 2002 and declined to $521 million in 2003 and an estimated $516 million in 2004. The state's total 2003 allotment (CCDF, CCDBG, and transfers from the TANF block grant) exceeded $1 billion. According to the SDE, the state has often experienced a reduction in total federal child care receipts in years immediately following major growth—such as the $117 million increase in CCDF grants between 2000 and 2001—and TANF funds have filled the resulting gap. The SDE reports that the state has increasingly relied on funds transferred from the TANF block grant to blunt fluctuations in CCDF receipts.

The portion of funds used for California child care from federal sources has fluctuated since welfare reform's inception. California's child care budget of $3 billion in combined federal and state child care assistance in 2000–2001 was triple the amount the state financed in 1996–1997. Of the 2000–2001 total, 52 percent was appropriated from the state General Fund, and 48 percent was drawn from federal sources—principally from the two major child care grant programs; 14 percent or $422.3 million was sourced to CCDF (and CCDBG), and just over $1 billion or 34 percent to the TANF block grant.[27] According to the California Budget Project, the share of total federal dollars budgeted to California's child care programs increased from 31 percent in 1996–1997 to 48 percent in 2000–2001. However, the federal share declined thereafter, to 38 percent in 2004 because of a decline in amounts transferred from TANF in recession years.

Despite the growth in child care investments in California, the SOR estimates that there remain three to four times as many families eligible for a partial child care subsidy than are able to receive services.[28] The insufficiency is

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[26]California State Department of Education, Child Development Division, *CCDF Funding, FY 2004-2005 Budget Act, CH. 208, Item 6110-196-0001*, Sacramento, California, 2004.

[27]See California Budget Project, *Lasting Returns: Strengthening California's Child Care and Development System*, Sacramento, California, May 2001.

[28]Estimates of the number of California children on waiting lists differ. Some states automatically limit slots according to the amount of funding in their budget—eliminating waiting lists and reducing benefits to eligible recipients.

reportedly due to capacity limitations, the escalating cost of care, and the state's efforts to cut its budget and limit eligibility. In the view of some child care professional groups, California's child care and development system, once renowned for its generosity, is now seriously lacking.

Nevertheless, California's per child maximum standard reimbursement rates for contracted center care are among the highest in the nation.[29] The state's 75 percent of the SMI threshold for eligibility for state subsidies ($2,925 per month for a family of three in 2000) remains above the national average, which was 59 percent in 2003.[30] In addition, until enactment of the 2003–2004 state budget, California was the only state providing care to families with children age 13; most other states set the limit for extension of child care benefits at or below age 12.

However, California's SMI threshold has lost value in recent years. Whereas more than two-thirds of states currently set income thresholds as a percentage of 2003 or 2004 SMI, Californians' eligibility continues to depend on SMI in 1998—an older income reference than is used by any other state.[31]

Matching Requirements, Federal Medicaid Assistance Percentages, and Allotment Percentages: The Drawbacks of Per Capita Income as a Formula Factor

Before analyzing the intricacies of the federal child care funding scheme, it is important to understand the significance of family income measures used in the child care formula that suppress California's share of formula funding in general and federal child care funding in particular.

A number of federal programs—the largest of these being Medicaid—require a standard state or local match before recipients qualify for supplemental federal dollars. The rate at which the federal government matches state spending for Medicaid and many other programs differs from state to state, depending on calculations of a state's Federal Medicaid Assistance Percentage (FMAP). However, the FMAP is used to allocate federal dollars for more programs than

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[29]Until 2004, California awarded centers 93 percent of local market rates without requiring copayment from low-income families receiving services.

[30]California is among a small number of states that guarantee child care assistance for all current and former CalWORKs families. If no child care is available to CalWORKs parents, then weekly work requirements may be reduced. The federal eligibility ceiling is 85 percent of the SMI.

[31]See U.S. Department of Health and Human Services, Administration for Children and Families, Child Care Bureau, *Child Care Assistance Income Eligibility Thresholds and State Median Income (SMI), Family of Three, 2001–2003,* Washington, D.C., updated April 2005, available at http://nccic.org/pubs/datasum/ccassisteligibility.html, and *Trends in State Eligibility Policies: A CCDF Issue Brief,* Washington, D.C., July 2004, available at http://www.nccic.org/pubs/issuebriefs/trendseligibility.html.

just Medicaid. The CCDF matching formula uses the FMAP to determine how many matching dollars states must provide, and the CCDBG discretionary formula employs a factor that closely resembles the FMAP.

In some cases, Congress has inserted variability among states' formula allocations or reimbursement rates to better align federal grants with a state's fiscal capacity, thereby measuring the state's available base of potential internal resources for funding program services on its own. Presumably, at a given income tax rate, a state whose population earns more income might be able to raise more state tax revenue than a state whose population earns less.

However, in some cases, a matching rate may be intended for more than one purpose. In the case of Medicaid, historians believe that Congress adopted an income measurement in part to reflect fiscal capacity and in part to approximate poverty. The precursors to Medicaid were devised in the 1940s and 1950s, well before a uniform statistical poverty standard was developed in the 1960s. Lacking a better statistic for counting the poor, Medicaid's drafters substituted per capita income (PCI) as a placeholder, assuming that states with high incomes would have low poverty and states with low incomes would have high poverty. To be fair, the factor also served the second purpose of measuring state fiscal capacity. However, the fact that the FMAP formula measures state PCI differences and then *squares* that factor arguably demonstrates that the drafters intended it to be used for two purposes. In effect, PCI appears twice—once for state fiscal capacity and once for poverty.

The prediction that high-income states would have low poverty proved true for most states. For California, however, it has not. The state is in the unusual position of having high per capita income but also a high poverty rate—a phenomenon that has come to be known as income inequality.[32] Thus, whereas the matching reimbursement approach employed by Medicaid in part attempts to assist poor persons by bettering the fortunes of low-income states, it actually exacerbates poverty for a few states, including California, where the population in poverty is not inversely proportional to income.[33]

For a one-decade comparison of California's PCI and poverty with national averages of each, see Figures 1 and 2.

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[32]See Deborah Reed, *California's Rising Income Inequality: Causes and Concerns*, Public Policy Institute of California, San Francisco, California, 1999.

[33]For further information, see U.S. General Accounting Office (testimony), *Medicaid Formula: Fairness Could Be Improved*, GAO/T-HRD-91-5,Washington, D.C., December 7, 1990; Tim Ransdell, *The Distribution of Federal Medicaid Dollars: California Fiscal Implications of Block Granting and Other Approaches*, California Institute for Federal Policy Research, Washington, D.C., 1995; and Tim Ransdell, *Federal Formula Grants and California: California's Share of Federal Formula Grants: 1991-2001*, Public Policy Institute of California, San Francisco, California, December 2002.

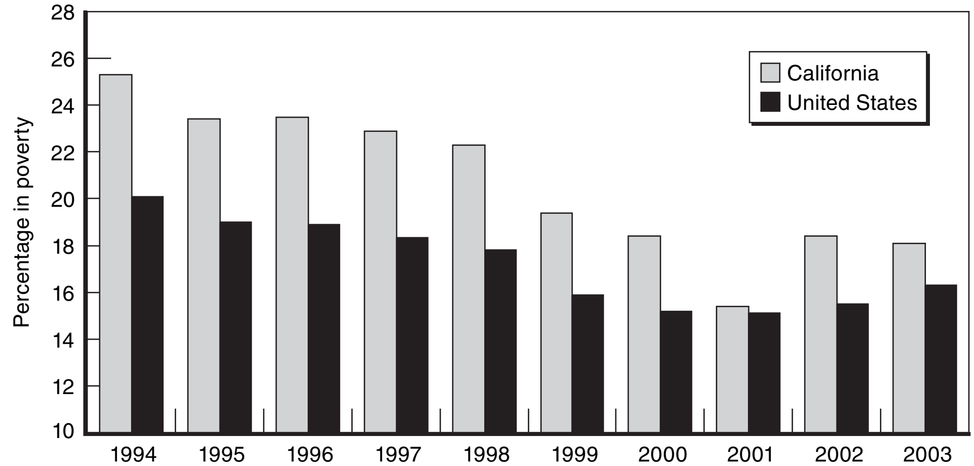

Figure 1—Poverty Rates, Related Children Ages 5–17, California and the United States, 1994–2003

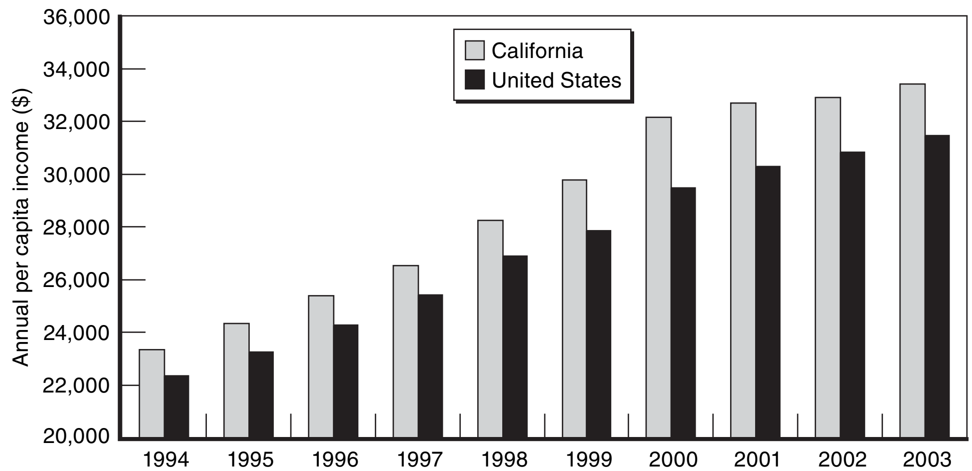

Figure 2—Per Capita Income, California and the United States, 1994–2003

HHS reuses the FMAP reimbursement rate for child care spending. As it distributes CCDF funding, ACF uses the FMAP to assign a federal-state matching level to each state that is intended to reflect both need and fiscal capacity. FMAP matching rates compare a state's per capita income to the national average per capita income. States are assigned FMAP matching rates on a graduated scale, with a floor and a ceiling. The minimum matching rate for high-PCI states is 50 percent, or 50 cents in federal support for every state dollar committed. States with the lowest average PCI receive up to an 85 percent federal match for each state dollar invested in the relevant program.[34] The FMAP is recalculated every year using a retroactive three-year average of PCI.

California's FMAP has fluctuated slightly since 1999 and was most recently adjusted downward from 51.7 in 2002 to the minimum floor of 50 in 2003 and has remained there since. In recent years, California's PCI has stabilized at roughly 7 percent above the national PCI. As such, the state FMAP would be near the 50 mark with or without the formula's floor.[35] Thus, a minimum of 50 does little to help California, whereas it significantly benefits a number of higher-income states. For example, eliminating the floor would send Connecticut's FMAP plummeting from 50 to 15, meaning that the state would receive only one federal dollar for every six it spent from its own treasury.[36]

Funding Structure

As shown in Table 1, Congress appropriated $4.8 billion in fiscal years 2003 and 2004 child care grants to states via CCDF and CCDBG, more than double the allocation levels appropriated at the outset of welfare reform (1997). Since 2002, as shown in Table 2, California has received more than $500 million per year from the federal child care funding stream. In 2004, the state received $516 million in federal mandatory, matching, and discretionary child care grants (these grants are described in further detail in the following sections of this report).

The child care funding streams send federal dollars to states in three ways. CCDF mandatory resources guarantee an annual fixed amount to each state, reflecting each state's baseline share of child care grants under the former AFDC programs. Second, the matching grant portion of CCDF a state receives depends on that state's share of the nation's children below age 13, but the state must match the federal funds with state expenditures (dollar for dollar in California; less in states with lower incomes) and it must spend a minimum amount to qualify for any funds. Third, the discretionary block grant, CCDBG, is authorized at $1 billion per year (although Congress has appropriated twice as much since 2000) and is allocated according to a state's count of children below age 5, state per capita income, and the number of free and reduced-price lunch

[34]In practice, in 2004, Mississippi's FMAP of 77 percent was the highest rate among the states; no state's FMAP was limited by the maximum bound.

[35]Absent the lower bound of 50, California's FMAP would have been approximately 49 in 2004. Regional Economic Information System, Bureau of Economic Analysis, *Per Capita Personal Income*, Table SA1-3, Washington, D.C., September 2004; and authors' calculations.

[36]Bureau of Economic Analysis, Regional Economic Information System, *Per Capita Personal Income*, Table SA1-3, Washington, D.C., September 2004; and authors' calculations.

Table 1

Federal Funding for CCDF and CCDBG, 1991–2003, Total Expenditures ($ millions)

	Matching (CCDF)	Mandatory (CCDF)	Discretionary (CCDBG)	Total
1991			731.9	731.9
1992			825.0	825.0
1993			836.8	836.8
1994			835.5	835.5
1995			932.3	932.3
1996			932.3	932.3
1997	723.7	1,238.4	19.1	1,981.2
1998	846.4	1,218.9	1,005.6	3,070.9
1999	940.7	1,220.9	997.5	3,159.1
2000	1,136.2	1,218.9	1,169.7	3,524.9
2001	1,331.7	1,228.9	1,985.0	4,545.6
2002	1,522.7	1,235.4	2,099.9	4,858.1
2003	1,481.6	1,235.4	2,086.3	4,803.3
2004	1,481.6	1,235.4	2,087.3	4,804.3

Table 2

Federal Funding for CCDF and CCDBG, 1991–2003, California Allocations ($ millions)

	Matching (CCDF)	Mandatory (CCDF)	Discretionary (CCDBG)	Total
1991			76.6	76.6
1992			90.1	90.1
1993			100.6	100.6
1994			101.8	101.8
1995			106.6	106.6
1996			111.5	111.5
1997	96.2	92.9	2.3	191.4
1998	113.0	85.6	122.8	321.4
1999	125.6	85.6	121.4	332.7
2000	151.6	85.6	140.1	377.3
2001	174.9	85.6	233.2	493.7
2002	202.3	85.6	243.6	531.5
2003	197.3	85.6	238.0	520.9
2004	194.5	85.6	236.1	516.2

recipients in the National School Lunch Program (NSLP). Discretionary grants may be supplemented with "optional" funds or inflowing transfers from other categorical programs such as TANF, authorized to further support PRWORA child care activities.

Funding from all three accounts is distributed by the Child Care Bureau, an office within HHS's primary child health agency, the Administration for Children and Families (ACF).

Whereas the administration combines the programs within the Child Care Bureau, and often refers to them all under the CCDF moniker, Congress treats the programs very differently. The mandatory and matching CCDF programs are mandatorily appropriated as part of welfare policy and are under the jurisdiction of the House Ways and Means Committee and the Senate Finance Committee. However, CCDBG is subject to annual appropriations and is authorized by the House Education and the Workforce Committee and the Senate HELP Committee.

Since welfare reform was implemented in 1998, California has received somewhat less than 11 percent of total federal child care grants. Table 3 shows California's share of the nation's total from the three federal child care streams over 14 fiscal years from 1991 through 2004. As shown, and as will be discussed below, California's share of the mandatory program is far less than its share of matching and discretionary spending. In addition, the state's percentage of total federal child care formula grant funds is less than half the 22.6 percent share the state receives from the TANF block grant.[37]

Table 3

Federal Funding for CCDF and CCDBG, 1991–2004, California's Percentage of Total Expenditures

	Matching (CCDF)	Mandatory (CCDF)	Discretionary (CCDBG)	Total
1991			10.46	10.46
1992			10.92	10.92
1993			12.03	12.03
1994			12.19	12.19
1995			11.43	11.43
1996			11.96	11.96
1997	13.29	7.51	12.10	9.66
1998	13.35	7.02	12.21	10.47
1999	13.36	7.01	12.18	10.53
2000	13.34	7.02	11.98	10.70
2001	13.13	6.97	11.75	10.86
2002	13.29	6.93	11.60	10.94
2003	13.32	6.93	11.41	10.84
2004	13.13	6.93	11.31	10.74

[37]CCDF mandatory and matching authorizations were set at $2 billion in fiscal year 1997, rising to $2.7 billion in FY 2002. CCDF entitlement funding was allocated first to fund a fixed mandatory amount according to the mandatory grant formula; the remaining balance (which grew larger each year) was allocated under the matching formula.

The following sections describe how the formula structure underlying each funding component—mandatory, matching, and discretionary—determines annual funding allocations for California and other states.

CCDF: Mandatory and Matching Grants

PRWORA prescribed annual CCDF grant levels, which started at $1.967 billion in 1997, increased by $100 million annually in 1998 and 1999, and increased by $200 million per year from 1999 through 2002. In the law, Congress mandated the expenditure of funds for CCDF (both the mandatory and matching programs); as such, they were not subject to annual appropriations. By 2002, the last year of PRWORA's authorization, CCDF funding had increased to $2.717 billion.[38] Since PRWORA's expiration in October 2002, Congress has held funding for CCDF steady at 2002 levels by a series of temporary legislative extensions. An extension approved in March 2005 maintained the program's authorization at that amount through June 30, 2005.[39]

Of the $2.7 billion in total 2004 funding, states (for CCDF purposes considered the 50 states plus the District of Columbia) received $2.6 billion in mandatory and matching funds, with the remainder used for training, technical assistance, and Indian tribes.[40] Before applying formula rules, ACF must assign between 1 and 2 percent of the aggregate total for mandatory and matching funds to Indian tribes.[41] In addition, it holds back 0.25 percent of the total for each pot of funds to provide training and technical assistance (T&TA) to grantees.[42]

After deducting funds for these set-asides, the two grants under CCDF derive from a single pot of money, which is then bifurcated into separate streams—mandatory and matching.[43]

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[38]As such, CCDF was the 14th largest formula funded federal grant, measured by total federal funding.

[39]H.R. 1160, the *Welfare Reform Extension Act of 2005*, was presented to President Bush on March 17, 2005.

[40]PRWORA specified that CCDF's mandatory and matching programs would count only the 50 states and the District of Columbia for distributional purposes, whereas the CCDBG's discretionary program counts Puerto Rico as a 52nd state and also provides funds for U.S. territories.

[41]Typically, the percentage set aside for tribal organizations is 2 percent.

[42]The law also places a number of requirements on states' use and redistribution of child care money. A minimum 4 percent of child care funds must be used for quality improvement activities, and no more than 5 percent of program funds may be spent on administrative costs. The law also requires that states expend at least 70 percent of CCDF funds to benefit TANF or families transtioning from welfare to work and those identified as at risk of becoming dependent on welfare.

[43]For details, see 418(a)(3) of the Social Security Act.

Mandatory Portion of CCDF Funding. Each state is first awarded a fixed mandatory child care formula grant based on its share of child care receipts under the prewelfare-reform AFDC child care programs. Employing a formula reminiscent of that used to allocate TANF block grants, the law requires that each state receive a mandatory base amount equal to the portion of federal child care funds disbursed to that state in 1994 or 1995, or else the average federal allotment therein between 1992 and 1994 (whichever total is highest). States are thus "held harmless" at historical spending totals, meaning that no state could receive less than it had received in those prior years. CCDF guidelines dictate use of these funds to meet specified child care goals laid out in the Social Security Act of 1990, including maximizing state flexibility, promoting parental choice, educating consumers, promoting independence from welfare, and helping states implement standards.[44]

In each year since PRWORA became effective, $85.6 million of California's total child care funds was received as fixed "mandatory" grants (see Table 2)—less than 7 percent of the nation's total mandatory program spending of $1.2 billion (see Table 1). The percentage is far lower than the state's share of spending from the other two federal child care funding streams. CCDF mandatory grant spending in all states is presented in Appendix Table B.1, which shows that California received 7.25 percent of spending among states and 6.93 percent of total mandatory program spending. The law's frozen-in-time approach ignores changes in population, eligible recipients, and other factors.

As is the case for the TANF block grant, California's and the nation's annual mandatory spending totals have remained unchanged for as long as the program has existed. However, the similarities between the hold-harmless provisions in TANF and CCDF end at their grant structures—California's unwavering 7 percent share of CCDF mandatory funding is less than one-third of its TANF share. California is fortunate that the nation's total annual TANF grant spending of $16.7 billion currently dwarfs total federal expenditures for child care.

Matching Portion of CCDF Funding. Any funds that remain after states' mandatory distributions are deducted from CCDF's base amount are classified as matching funds. After $1.2 billion in mandatory funding was subtracted from the $2.7 billion CCDF total for 2002 through 2005, a total of $1.5 billion remained for ACF to distribute as matching grants.[45]

[44]Public Law 101-366, 42 U.S.C. 12101.

[45]As noted above, PRWORA directs the deduction of between 1 and 2 percent of total appropriations for Indian tribes and tribal organizations before matching apportionments are calculated. However, ACF calculates the tribes and tribal organization entirely within the mandatory portion of the CCDF budget, so no remaining deduction is required from matching funds.

As the name implies, allocation of CCDF's matching child care funds requires that a state spend its own funds. Federal formula programs outfitted with matching features induce recipient jurisdictions to devote a minimum amount of funds to services or to boost program obligations from their own resources to be eligible for added federal support.

To qualify for its maximum allowable amount, a state must first demonstrate that it has provided a minimum maintenance of effort (MOE) commitment to child care programs independently (achieved by spending no less than a required amount of state funding). A state's MOE is related to how much the state contributed to child care programs in 1994 or 1995 (whichever was higher). The California state budget appropriated $2.1 billion for child care in 2001–2002 with $85.6 million identified as MOE funds. In doing so, the state became eligible to draw down $182 million in 2002 matching grants from the federal government, which the state matched with a slightly lower amount of its own funds.[46] In addition, the state must also show that it has obligated all federal mandatory funds awarded in the same year.[47]

After subtracting a small set-aside for T&TA ($3 million in 2004), ACF distributes funding to match state spending up to each state's maximum, which depends on a single factor—the state's percentage of the nation's children below age 13.

California received $194.5 million in federal child care matching spending in 2004, 13.1 percent of the $1.48 billion distributed nationwide and $3 million less than the state had received the year before. As shown in Appendix Table B.2, the state's share of total funding closely matches its share of states' funding; matching program set-asides are few. Some of the funding changes in recent years may be attributed to a correction of a census data inconsistency that applied to CCDF and CCDBG funding in 2003 and 2004, whereas some relates to a change in the total amount allocated for the year.

California's percentage of CCDF matching expenditures in 2003 and 2004 was slightly less than the state's 13.3 percent share in 2002. Data from the U.S. Census Bureau indicate that the state has recently experienced a reduction in its child population. According to the statistics, which ACF uses to distribute the funding, California's population age 0–12 declined from 7.2 million in 2001 to 6.7 million in 2003.

[46]Program rules stipulate state MOE matching funds must be obligated within the same year of receipt, although states are granted one additional year to liquidate the money.

[47]California has exceeded its MOE requirement every year since the CCDF was authorized in 1997.

California's relatively low FMAP rate does not reduce the state's maximum receipts from the matching allocation. However, it does mean that the state is required to spend more of its own money to receive its maximum grant. To draw down its full $194.5 million in 2004 matching funds, California's FMAP of 50 meant that the state spent $194.5 million in state funds. With an FMAP of 60, Texas was required to spend $82.6 million of state funds to receive $125.1 million in federal matching funds.

CCDBG: Discretionary Grants

"Discretionary" funding from CCDBG constitutes the third child care federal formula segment. Federal funds identified as discretionary are generally appropriated as line items, subject to Congress's annual appropriations vagaries, and must compete with myriad social, health, and education programs for scarce dollars. Nevertheless, Congress appropriated more than $2 billion annually for CCDBG for 2002 through 2005, even though PRWORA had authorized only $1 billion.

CCDBG funds must be used to supplement, not supplant, state funding for child care assistance to low-income families. Funds are awarded without state matching requirements.[48] Although program goals and purposes parallel those of CCDF, the discretionary program's guidelines and requirements are different.[49]

Also different is the CCDBG formula. The program's discretionary funds flow to states according to two factors—a state's early childhood population and its count of at-risk children—both of which are then adjusted in relation to statewide per capita income.

The CCDBG formula initially takes into account demographic factors. Half of discretionary funding depends on each state's population of children below age 5, compared to the national total, termed the "young child factor" by the authorizing statute. The remaining half of funding depends on the "school lunch factor," which uses U.S. Department of Agriculture data to compare each state's proportion of children receiving free or reduced-price lunches under the NSLP to the total for all states.

Finally the formula applies a per capita adjustment feature, which compares the state and national average PCI to determine each state's "allotment percentage."[50] The approach resembles the CCDF matching formula's use of the

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[48]States under this program are statutorily defined as the 50 states plus Puerto Rico and the District of Columbia. In addition, some funding is provided for U.S. territories.

[49]For details, see 42 U.S. Code 9858(M).

[50]To minimize year-to-year fluctuations and aberrations, PRWORA requires that PCI be averaged over three years.

FMAP in that states with low PCI are given a funding advantage over higher-income states. However, whereas the CCDF uses PCI differentials to determine how many state dollars must be spent to qualify for funds, the CCDBG formula goes one step further. The actual dollar amount of federal funding is reduced for states, including California, where PCI is above the national average.

The allotment percentage serves as a multiplier. For Rhode Island, with a PCI of almost 100 percent of the national average, the resulting multiplier of 1.0 leaves the initial formula calculations unchanged. For California, where income exceeds the national average by approximately 7 percent (107 percent of the U.S. average), a multiplier of 0.93 is applied to reduce what would otherwise be the state's allocation.

Like the FMAP formula, the CCDBG allotment percentage sets maximum and minimum bounds for any income-related adjustment. No state's allotment percentage may exceed 120 percent, nor may it lie below 80 percent. Thus, Connecticut is assigned a multiplier of 0.8; without the floor, the multiplier for 2004 would have been 0.72. Conversely, Mississippi is assigned a multiplier of 1.2, whereas its allotment percentage without the maximum bound would have been nearly 1.4, and its formula allotment would have increased by $5.2 million.

Once ACF determines an allotment percentage for each state, it is applied separately to the two population figures, adjusting each state's share up or down accordingly.

Before the above calculations are made, ACF takes down a maximum of 0.5 percent to finance child care activities in U.S. territories, as well as between 1 and 2 percent for tribal child care programs. States are granted a longer period of time to expend discretionary CCDBG funds than mandatory or matching funds awarded under CCDF, but discretionary funds still must be liquidated within three years of being awarded or they revert to the federal treasury.[51]

As shown in Appendix Table B.3, California's 2004 discretionary funding allocation from CCDBG totaled $236 million, 11.3 percent of the nation's $2.1 billion total. California, however, was home to 12.4 percent of children receiving free and reduced-priced lunches from the NSLP during 2002, and 13.4 percent of children under the age of 5.

Both of the formula's demographic inputs well exceed the state's 11.3 percent of actual funding, thereby demonstrating the funding reductions attributable to the PCI factor. If the formula were to omit the PCI adjustment, distributing funding solely according to the young child factor and the school lunch factor,

[51] States must obligate funds within two years but need not expend them until the end of the third year.

California's 2004 allocation would have increased by $18.3 million, to $254 million, as shown in Appendix Table C.1.

CCDBG Set-Asides and Earmarks

PRWORA outlined a number of funding federal set-asides and earmarks for CCDBG funding, and Congress from time to time may add additional strictures in its annual appropriations measures.

Under the law, ACF was authorized to set aside 0.25 percent of CCDF funds to provide training and technical assistance to grantees. In 2004 and 2005, this translated to approximately $19 million earmarked for school-age children and resources and referral services.[52] (The fiscal year 2004 Labor-HHS-Education appropriations bill also required a research, development, and evaluation set-aside of $9.8 million.)

The law reserves a maximum set-aside of 0.5 percent for payments to territories, and between 1 and 2 percent of CCDF is set aside for Indian tribes. In 2004, these set-asides amounted to $10.4 million for territories and $41.7 million for tribes.

States are also limited in how they may spend their money. The law requires that 70 percent of total child care funds be used to provide assistance to families on, and transitioning off, government assistance programs and to those under threat of becoming dependent on government welfare. No more than 5 percent of funding may be used for state administrative activities.

CCDBG language also specifies a number of earmarks, which require that states use CCDBG funding for certain purposes. These earmarks do not change total funding allocations for each state but rather they constrain what states may do with what funds they do receive.

These quality funds are independent of a separate $172 million state earmark for quality improvement activities and $99 million to improve quality in infant and toddler care.

Set-asides and earmarks may be specified in law as a dollar amount or a percentage of total funds. For example, PRWORA required that states use 0.25 percent of their discretionary allocation for child care research activities.

[52]For 2004, Congress required a set-aside of $994,100 for a toll-free child care hotline to be operated by Child Care Aware, to be funded as part of the $19 million earmark for resource and referral and school-age activities; in 2005, the hotline funding was $992,000. In each year, Congress initially called for $1 million, which was later lowered by across-the-board spending reductions to all funded federal programs.

In some cases, funding may be provided through both routes for the same year: PRWORA required that states use not less than 4 percent (exclusive of other earmarks) for consumer education, quality enhancements, initiatives to promote parental choice and improve infant and toddler care, and activities administered by private child care resource and referral groups benefiting school-age children.[53] In addition to those earmarked funds, the 2004 omnibus appropriations bill required that states use an additional $271 million for the same purposes.

In 2004, California was required to use $11.5 million for infant and toddler activities, $20 million for earmarked quality improvement activities (separate from quality activities), and $2 million for resource and referral activities and activities for school-age children.[54]

Optional Funds

Although CCDF and CCDBG formula disbursements constitute the largest federal source of dedicated child care allocations to states from the federal budget, most of the growth in actual federal child care expenditures since PRWORA's enactment has been in the transfer of funds from other federal social services grants.

Welfare reform allowed for greater flexibility in the redirection of funds from other social assistance grant programs to support CCDF. Specifically, PRWORA offered states the authority to transfer up to 30 percent of their awarded TANF grant to CCDF and up to 10 percent to the Title XX Social Services Block Grant funding stream.

In addition, TANF rules give states the flexibility to spend TANF funds on myriad welfare services including child care. With support for children a core TANF program objective, PRWORA grants states the authority to use TANF block grant funds directly to benefit welfare recipients in need of child care services. Direct expenditures, however, are subject to TANF's spending and data collection regulations and requirements. Allowable direct child care expenditures from within the TANF system (those not recorded as CCDF transfers) are limited by the amount a state spends on child care beyond the maintenance-of-effort threshold outlined in TANF's matching formula language.

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[53] Quality enhancement expenditures are used for training and education, salary enhancements, parent education, and resource and referral services and are available for the benefit of providers, consumers, and members of the child care community. In 2003, states set aside $346 million for quality enhancement activities.

[54] For some set-asides, 2004 totals were not yet available as this report was printed. For reference, California used $6.6 million for administration and $10.6 million for quality expansion activities in 2003.

In 2003, nationwide TANF transfers into the CCDF and CCDBG funding streams exceeded $1.8 billion (a reduction from $2.4 billion in 2000).[55] Of the 41 states making use of the option to do so, California made the largest amount of transfers, $547 million—30 percent of the nation's total.

Separate from the child care formula grant accounts and TANF transfers into them, states reported spending an additional $1.6 billion in direct child care spending from TANF block grant funds. In all, states expended over $8.3 billion in 2003 from combined CCDF, CCDBG, and TANF resources.

California uses optional sources at a higher rate than other states, reflecting a growing reliance on nonchild-care-specific federal resources to meet increasing child care demands. Between 1997 and 1999, California was the only state to expend more than 40 percent of child care funding from optional sources. Shrinking welfare caseloads rendered more TANF funds available for redirection to CCDF. Caseload numbers, however, have leveled in recent years and may resume growing in the future, absent a resurgent economy.

In 2000, California directly transferred $520 million, or 14 percent, of its TANF grant to CCDF. In the same year, the state separately spent another $540 million from TANF on welfare-related child care expenses, independent of transfers to CCDF for allocation. Thus, total TANF expenditures accounted for $1.1 billion, or 31 percent of the state's total TANF block grant allowance.

Welfare Reauthorization and Child Care

Although not without its strong critics, PRWORA's overhaul of the federal welfare system was heralded as a success, being partially credited for halving cash recipient caseloads.[56] In the years following its passage, U.S. child poverty apparently declined to its lowest rate since 1979, although rates recently have resumed an upward trajectory. Within Congress, Republicans and Democrats alike expressed widespread satisfaction with the new welfare law's achievements in meeting program goals and reining in a costly open-ended entitlement. It was widely expected that Congress would seek to build on welfare reform's policies and funding models rather than take them in a new direction.

Indeed, the initial reauthorization bills, considered as early as 2001, proposed only evolutionary changes in the current welfare framework and program

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[55] U.S. Department of Health and Human Services, Administration for Children and Families, Child Care Bureau, *State Spending Under the Fiscal Year 2003 Appropriation for Child Care and Development Fund as of 9/30/2003*, Washington, D.C., October 13, 2004.

[56] A booming economy in the late 1990s was also a major factor.

structure, and the Congressional leaders demonstrated early on that core work requirements, time limits on cash benefits, and state flexibility would continue to play a major role in succeeding welfare legislation. Similarly, no plans were made to make sweeping adjustments either to existing child care program structures or to the child care formulas used to dole out money to support those structures.

However, disagreements in Congress persisted about how to further strengthen both welfare and child care programs. As a result, a number of unresolved differences—particularly over the level of work requirement increases for welfare beneficiaries and adequate child care subsidy authorization levels—slowed welfare reauthorization to a halt.

A lack of consensus over these new directions for PRWORA led to the law's expiration in October 2002, with no successive multiyear authorizing legislation to replace it. Congress issued a series of temporary program extensions to keep the program in operation until reauthorization could be completed. As this report went to print, these short-term extensions had maintained welfare and child care programs for nearly three years, through June 30, 2005.[57]

The Bush Administration's Proposal

Secretary of Health and Human Services Tommy Thompson credited welfare reform with halving TANF caseloads and instituting record reductions in child poverty. At a hearing of the House Ways and Means Committee, Secretary Thompson described President Bush's 2002 welfare renewal plan, entitled "Good Start, Grow Smart," as an effort to build on the successes of welfare reform.[58] The Bush administration identified five guiding principles for the plan: strengthening the federal-state partnership, stepping up efforts by states to effect greater self-sufficiency for welfare beneficiaries via work-related activities, promoting healthy marriages to stabilize family settings, improving the management and quality of welfare programs and services, and more efficiently integrating state welfare and workforce assistance programs. In welfare programs, it proposed significant increases in the number of weekly hours a cash recipient must work to remain in the TANF program.

President Bush's child care proposal would not alter CCDF or CCDBG apportionment formulas, and it maintained child care authorizations at 2002

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[57]On March 14, 2005, the House approved H.R. 1160, authored by Representative Wally Herger (CA), extending PRWORA through June 30. The Senate approved the measure the following day, clearing it for President Bush's signature.

[58]Secretary Thompson delivered remarks on March 12, 2004. The House Ways and Means Committee website contains further details and a copy of testimony: For additional information, see http://waysandmeans.house.gov/legacy.asp?file=legacy/fullcomm/107cong/3-12-02/3-12thomp.htm.

levels—$2.7 billion in mandatory and matching grants and $2.1 billion in discretionary dollars.

House Proposals for Reauthorizing Welfare and Child Care

Welfare reform overseers in the House of Representatives chose to accept many of the White House's proposals in drafting the leadership's reauthorization measure. Authored each time by Representatives Deborah Pryce (OH) and Wally Herger (CA), the bill was introduced initially as H.R. 4737 in the 107th Congress, repeated in 2003 as H.R. 4 for the 108th Congress, and then reintroduced in 2005 as H.R. 240 in the 109th Congress. In February 2003, the full House approved H.R. 4 by a 230 to 192 margin. (The measure effectively died in the Senate on April 1, 2004, when Senate leaders failed to garner the 60 votes necessary to invoke cloture on an unrelated provision during debate over a substitute measure.)

In the 109th Congress, by the time this report went to print, the House Ways and Means Human Resources Subcommittee had approved H.R. 240 on March 15, 2005, by a straight partisan vote of 7 to 4.[59]

The House bill, for the 109th Congress, entitled the Personal Responsibility, Work, and Family Promotion Act of 2005, proposed maintaining the TANF block grant at $16.5 billion while increasing state work participation rates from 50 to 70 percent and weekly work hour requirements for cash assistance beneficiaries from the current 30 hours per week to 40 hours.[60]

For child care, debate over changes to the law focused not on how to spend federal money, but on the amount of money to be spent in the first place. The House leadership's bill proposed to increase federal child care funding, but the additional funds were fewer than some, including their Senate counterparts, preferred.

The House bill would renew CCDF's formula structure and authorize $2.917 billion in CCDF matching funds over five years—increasing the overall matching pot by $1 billion in total CCDF annual authorizations through 2010.[61]

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[59]H.R. 4 was virtually identical to H.R. 4737, and H.R. 240 in turn made few changes to H.R. 4.

[60]In addition, the bill proposes adding $1 billion for marriage-promotion programs.

[61]These additional funds are described as mandatory in report language, although they would be applied to CCDF's matching formula, since neither bill makes changes to the base year governing mandatory calculations. The Washington-based Center for Law and Social Policy (CLASP) estimates that states will be required to budget an additional $785 million to access these additional federal dollars.

The debate over the reauthorization bill provisions related to CCDF concerns "real money," whereas CCDBG funding changes would be less certain. Like PRWORA, H.R. 240 proposes to automatically appropriate funding for TANF and CCDF, largely insulating those programs from the uncertainties associated with annual appropriations measures. For CCDBG, however, the reauthorization bills provide only an authorization to spend the money, not the actual spending.[62] Nevertheless, the bill language provides a strong indicator of Congressional intent regarding program funding. For CCDBG, H.R. 240 would authorize Congress to appropriate up to $2.1 billion in 2005, and the authorized amount would increase by $200 million in annual increments, reaching $3.1 billion in 2010.[63]

H.R. 240 would grant states the authority to transfer up to 50 percent of their TANF block grants for child care activities, up from the 30 percent transfer limit in current law. As a primary user of this authority, California could take significant advantage of this proposed change. The House bill would also replace language that provides the 4 percent set-aside for quality, parental choice and consumer education, and private resource and referral group services. The language would make quality improvement funds more flexible and increase the minimum portion of state funds to 6 percent.[64]

The bill would also eliminate the child care eligibility ceiling of 85 percent of SMI for CCDBG, allowing states to set limits themselves so long as they are prioritized by need. California's above-average incomes could allow the state to use federal funds for child care activities for a wider range of beneficiaries.

During markup in March 2005, the subcommittee rejected—on a party-line vote of 4 to 8—an amendment by Representative Fortney "Pete" Stark (CA) that sought to increase child care authorizations to $11 billion over 5 years. Representative Stark argued that child care demand was not being met in

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[62] As noted above, PRWORA authorized a maximum of $1 billion per year for CCDBG, but Congress appropriated twice that amount in the latter years of PRWORA's authority.

[63] Many identify H.R. 4 language as increasing discretionary funds by $1.1 billion from prior authorization levels in the bill's first year, and $200 million more in each of the next four years. However, because in 2004 the discretionary account was appropriated $2.1 billion (in excess of its $1 billion authorization), the amount in H.R. 4 might also be considered only a $1 billion hike over five years, with, in essence, no first-year increase. H.R. 240's authorization of $2.1 billion for fiscal year 2005 would be retroactive; in November 2004, Congress already appropriated that amount as part of the fiscal year 2005 omnibus appropriations bill, the *Consolidated Appropriations Act, 2005*.

[64] Among other activities, the bill would allow states to use funds for "(1) programs that provide training, education, and other professional development activities to enhance the skills of the childcare workforce, including training opportunities for caregivers in informal care settings; (2) activities within childcare settings to enhance early learning for young children, to promote early literacy and to foster school readiness; (3) initiatives to increase the retention and compensation of child care providers, including tiered reimbursement rates for providers that meet quality standards as defined by the state."

California, where waiting lists top 280,000 and would grow more sharply with the inclusion of added work requirements in the welfare bill. Republican leaders agreed that more child care financing was needed but considered adequate the bill's existing $1 billion child care increase and its one-time release of $2 billion in unobligated TANF funds.

Welfare and Child Care Reauthorization in the Senate

The Senate counterpart to the House legislation proposed comparable changes to welfare and child care law, and the bill proposed in each Congress resembled the version approved in the previous Congress.

Senate jurisdiction over child care programs is divided between two committees. The Senate Finance Committee has authority over CCDF programs, and the HELP Committee has authority over CCDBG. In 2005, the Finance Committee acted first, marking up legislation on March 9, 2005.

A likely blueprint for its 2005 legislation, the Senate HELP Committee's Caring for Children Act of 2003, authored by Senator Judd Gregg (NH), replicated the House's authorization increases in child care discretionary dollars and its 6 percent quality improvement set-aside. Title III of the bill, however, mandated a new $30 million small business child care demonstration grant program to stimulate the availability of child care services among eligible small businesses. Unlike the House bill, the Caring for Children Act did not contain language extending to states the authority to transfer a larger share of the TANF block grant to child care purposes, retaining the current law's 30 percent cap.

The Personal Responsibility and Individual Development for Everyone (PRIDE) Act, reported out of the Senate Finance Committee in 2003 by a one-vote margin and reapproved in 2005, revised spending under the mandatory and matching portions of child care law without altering formula language. Disagreement over child care authorization levels obstructed the bill's progress for several months, with moderate Republicans and Democrats on the committee united in support of higher funding gains for child care than the amounts contained in the White House proposal or the House-passed version of the welfare bill.[65] At issue was the contention that the bill's inclusion of $2.9 billion annually for CCDF programs, an increase of $200 million per year over 2003 appropriated levels, was inadequate to keep up with growing child care demands. PRIDE, however, regained enough traction to advance to the Senate floor after

[65]Twice during House floor debate on February 13, 2003, Republican leaders staved off efforts by members of the Democratic party to increase H.R. 4 child care authorizations by $20 billion and $11 billion.

Senate Republican leaders opted to postpone the child care funding debate until the bill's floor consideration.[66]

In its welfare language, PRIDE resembles its House counterpart in that it incorporates $1 billion for promotion of marriage.[67] It would eliminate the caseload reduction credit and replace it with an employment credit—which authors argue would reduce states' disincentive to push TANF recipients into work activities—and it would increase work participation requirements from 50 percent to 70 percent by 2010. However, the work hours requirement would be increased to 30 hours per week to 34 hours, rather than the 40 hours proposed by the House, and it would set the standard hours at 24 for mothers with children under the age of 6.

Snowe-Dodd Amendment to the Senate Bill. Once the Senate welfare bill was brought to the Senate floor in 2004, Senators Olympia Snowe (ME) and Chris Dodd (CT), advocates for increased child care authorizations, garnered bipartisan support for a successful amendment to add an additional $6 billion in child care funding.[68] The amendment's passage alleviated some Democratic opposition to the Senate bill. In advocating the amendment, supporters cited state budget cuts in child care programs and the findings of a Congressional Budget Office study, which calculated a need for an extra $4.5 billion to maintain services for current child care subsidy recipients, and $1.5 billion in new child care funding costs to meet added work requirements included in the Senate bill. To offset the proposed new funding, the amendment contained a provision extending a Customs Bureau user fee.

The amendment's sponsors presented it as a mandatory child care funding increase. However, the amendment establishes a new funding stream to bolster CCDF dollars in the form of supplementary grants.[69] The method of apportioning these grants relies exclusively on the outcome of prior CCDF matching program apportionments. After a 4 percent take-down for special populations, the supplemental grant would flow to states based on allotted shares of 2003 matching dollars.[70] In another reference to the matching program, the

[66]PRIDE proposed to institute a set-aside of $10 million annually to fund child care programs in Puerto Rico.

[67]The legislation provided $100 million per year in matching grants for promotion of marriage and $100 million per year for research, demonstration, and technical assistance primarily related to marriage.

[68]The Senate voted 78 to 20 in favor of the Snowe-Dodd Amendment on March 30, 2004.

[69]The proposed $6 billion increase would be spread out over five years and phased in, adding $700 million in 2005, $1 billion in 2006, $1.2 billion in 2007, $1.4 billion in 2008, and $1.7 billion in 2009.

[70]The Snowe-Dodd amendment sets aside 2 percent of supplemental grant totals for Indian tribes, 1.5 percent for Puerto Rico, and 0.5 percent for grants to other territories. Territorial apportionments would be divided according to each territory's relative share of CCDBG discretionary spending for all territories in 2003.

amendment requires that states devote at least the amount invested in child care programs in 2003 to be deemed eligible to receive supplemental grants. Appendix Table D.1 estimates the allocations to states under the Snowe-Dodd amendment.

Following Senate adoption of the Snowe-Dodd amendment, Democrats introduced an amendment to phase in an increase of the minimum wage to $7.15 per hour. Failing to gather the 60 votes needed to invoke cloture on the motion, Senate Majority Leader Bill Frist (TN) acted to shelve the bill indefinitely, and it died with the adjournment of the 108th Congress. With welfare reform again in limbo, Congress passed another temporary extension of welfare programs (H.R. 5149), maintaining authorization of welfare and child care programs through March 2005. By that deadline, the new Congress still had not acted, so it extended programs three more months with a ninth extension bill (H.R. 1160).

Senate Legislative Activity in the 109th Congress. After three consecutive years without legislative success, Senate leaders resurrected welfare reauthorization in the 109th Congress with Senator Charles Grassley's (IA) March 2005 reintroduction of the PRIDE Act (S.667). PRIDE 2005 closely resembles the bill that was reported out of the Senate Finance Committee in the prior year and, in spirit, keeps with the Bush administration's push for tougher work requirements and support for marriage-promotion activities. It would reauthorize the TANF block grant at current levels, mandate a 34-hour working week for cash beneficiaries, and requires that 70 percent of enrollees in each state be engaged in employment participation activities by 2010.[71] Two-parent families on assistance are required to work a combined 39 hours per week, or 55 hours if the family receives child care subsidies. States meeting or exceeding targeted work participation rates would become eligible to receive grants from a new $100 million Bonus to Reward Achievement program. Newly added are several provisions intended to promote stable families. At the behest of Senator Rick Santorum (PA), $200 million would be authorized to fund marriage-strengthening programs, as well as $50 million for responsible fatherhood programs and $50 million for an annual grant to states establishing abstinence education initiatives.

[71]A number of activities qualify as employment-related under PRIDE in addition to direct work. For three months within a 24-month period beneficiaries may be engaged in the following "qualified activities": postsecondary education, adult literacy, substance abuse programs, or programs that remove barriers to work. Recipients may count up to 12 months of vocational education as a work activity. Furthermore, parents with children below age 6 are required to work 24 hours per week.

As in the prior year, the bill would boost the available pot of CCDF finances to $2.9 billion per year and slightly modify funds set aside for tribes and territories.

During committee deliberations, debate again focused on the adequacy of child care funds, and the prior year's strong support for the Snowe-Dodd floor amendment did not deter opposition from fiscal conservatives concerned about the dangers of increased spending. However, in the 2005 measure, Chairman Grassley agreed to incorporate Snowe-sponsored language in his manager's amendment to the bill, increasing child care funding by $6 billion. The bill was reported favorably in an en-bloc voice vote. Displaying only minor modifications from the 2004 version, the Snowe committee amendment establishes a new CCDF supplemental child care grant that would grow from $700 million in 2006 to $1.4 billion in 2010. These grants are available to each state based on that state's share of matching grants received in 2003. To be eligible for supplemental grants, a state would be required to match or exceed its 2003 matching MOE obligations and expenditures.

After the 2004 partisan breakdown in the Senate that forced welfare reauthorization onto the sidelines and drew criticism, Chairman Grassley's reasons for including higher child care authorizations in the most recent version of PRIDE may have been pragmatic. With support from Senate Democrats secured at the committee stage, the likelihood of another Democratic blockade of the welfare bill upon floor consideration would be lessened. However, Senator Grassley may yet have to stave off opposition to child care increases from his conservative colleagues on the Senate floor, and House counterparts in conference committee, if such authorization increases are to be retained in the bill as it continues in the legislative process.

Conclusion

Congress has sharply increased federal child care spending since approving sweeping welfare reform legislation in 1997. Federal aid to states that was measured in the hundreds of millions of dollars during the early 1990s now totals nearly $5 billion and encompasses three large federal grant streams. Whereas CCDF mandatory program spending has remained unchanged for nearly a decade, CCDBG discretionary grants have doubled since welfare reform. CCDF matching grants, which did not exist before PRWORA, have grown to nearly $1.5 billion per year today.

California receives a total of more than $500 million per year in federal child care funds, but the support flows unevenly from the three sources. California's $85.6 million from the annual mandatory program represents the state's lowest percentage share—approximately 7 percent of the nation's $1.2 billion total. The state fares somewhat better under the CCDBG discretionary grant formula, which yields the state $236 million (11.3 percent) of the $2.1 billion distributed nationwide. The state's largest share comes from the CCDF matching program, where California's $195 million allotment constitutes more than 13 percent of the nation's total spending. With the three programs aggregated, California's share of the U.S. total was 10.7 percent in 2004, well below the state's 13 percent share of children in poverty. Appendix Table B.4 shows aggregate federal child care funding for each state.

California's share of CCDBG discretionary funding is reduced by the formula's use of per capita income as a formula factor. To the extent that income data are meant to approximate poverty, it operates counter to California's fiscal interests. However, income data are also used in federal programs as a proxy for a state's ability to pay for services out of its own coffers; to that extent, income is arguably an appropriate variable.

The state receives a very low share of mandatory child care funds because all of its funds flow according to statistics frozen at 1994 levels.

Given welfare reform's perceived success and the financial difficulties facing state welfare departments in a period of budget rollbacks, scarcely any child care formula program rules are targeted for alteration by House or Senate proposals. Exclusion of formula modifications in either proposed reauthorization bill suggests that the issue of overall child care funding levels is of more critical concern to lawmakers than reformatting formula allocation methods.

The exception to this general rule is the Snowe-Dodd amendment in the Senate. Although it would not alter an existing formula, its proposed new stream of federal child care formula dollars would flow according to one existing formula—that for the CCDF matching grant—which yields the largest share for California of the three existing programs.

Child care spending has been a primary sticking point in the effort to reauthorize the nation's welfare reform law. The House and Senate are $5 billion apart over the extent to which child care matching program funds should increase above amounts instituted by PRWORA—a debate made more pivotal because the legislation both authorizes and spends the money. (Discretionary program spending authority would also increase, but those funds must go through the traditional appropriations process every year.)

California extensively uses welfare reform's authority to transfer resources from TANF to child care, and the state enjoys a far greater percentage of the nation's very large welfare grant than of child care formula funds. Therefore, the state's generous TANF receipts serve to blunt the effect of child care formulas that lessen what might be expected if funds were distributed according to population, number of eligible beneficiaries, or other arguably more objective measures.

Appendix A

Abbreviations and Acronyms

ACF	Administration for Children and Families
AFDC	Aid to Families with Dependent Children
AP	Alternative Payment
ASPE	Assistant Secretary for Planning and Evaluation
CalWORKs	California Work Opportunity and Responsibility to Kids
CCDBG	Child Care and Development Block Grant[a]
CCDF	Child Care and Development Fund[a]
CLASP	Center for Law and Social Policy
DSS	Department of Social Services
FMAP	Federal Medicaid Assistance Percentage
FSA	Family Support Act
FY	Fiscal Year
GAO	General Accounting Office
HELP	Health, Education, Labor, and Pensions
HHS	Department of Health and Human Services
H.R.	House Report
IDEA	Individuals with Disabilities Education Act
MOE	Maintenance of Effort
NSLP	National School Lunch Program
PCI	Per Capita Income
PRIDE	Personal Responsibility and Individual Development for Everyone Act
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act

SDE	State Department of Education
SMI	State Median Income
SOR	Senate Office of Research
T&TA	Training and Technical Assistance
TANF	Temporary Assistance for Needy Families
TCC	Transitional Child Care

[a]This report adopts Congressional nomenclature, using the term CCDF to denote the federal mandatory and matching child care grant accounts and the term CCDBG to denote the discretionary account. The federal executive branch and many child care professionals refer to CCDF as the entire ACF child care universe, including the mandatory, matching, and discretionary grants programs,

Appendix B

Federal Funding for Mandatory, Matching, and Discretionary Child Care Programs, Fiscal Years 2002–2004

Table B.1

Federal Funding for the Child Care Mandatory Program Under CCDF, by State, Fiscal Years 2002–2004

	2002	2003	2004
Initial appropriation	1,235,394,381	1,235,396,881	1,235,396,881
T&TA	3,529,600	3,532,100	3,532,100
Balance for states, tribes, and territories	1,231,864,781	1,231,864,781	1,231,864,781
Tribes (2%)	54,340,000	54,340,000	54,340,000
Balance for allocation to states	1,177,524,781	1,177,524,781	1,177,524,781

State	2002 Allocation ($)	% for States	% of Total	2003 Allocation ($)	% for States	% of Total	2004 Allocation ($)	% for States	% of Total
United States (total)	1,235,394,381		100.00	1,235,396,881		100.00	1,235,396,881		100.00
United States (states)	1,177,524,781	100.00	95.32	1,177,524,781	100.00	95.32	1,177,524,781	100.00	95.32
Alabama	16,441,707	1.40	1.33	16,441,707	1.40	1.33	16,441,707	1.40	1.33
Alaska	3,544,811	0.30	0.29	3,544,811	0.30	0.29	3,544,811	0.30	0.29
Arizona	19,827,025	1.68	1.60	19,827,025	1.68	1.60	19,827,025	1.68	1.60
Arkansas	5,300,283	0.45	0.43	5,300,283	0.45	0.43	5,300,283	0.45	0.43
California	85,593,217	7.27	6.93	85,593,217	7.27	6.93	85,593,217	7.27	6.93
Colorado	10,173,800	0.86	0.82	10,173,800	0.86	0.82	10,173,800	0.86	0.82
Connecticut	18,738,357	1.59	1.52	18,738,357	1.59	1.52	18,738,357	1.59	1.52
Delaware	5,179,330	0.44	0.42	5,179,330	0.44	0.42	5,179,330	0.44	0.42
District of Columbia	4,566,974	0.39	0.37	4,566,974	0.39	0.37	4,566,974	0.39	0.37
Florida	43,026,524	3.65	3.48	43,026,524	3.65	3.48	43,026,524	3.65	3.48
Georgia	36,548,223	3.10	2.96	36,548,223	3.10	2.96	36,548,223	3.10	2.96
Hawaii	4,971,633	0.42	0.40	4,971,633	0.42	0.40	4,971,633	0.42	0.40
Idaho	2,867,578	0.24	0.23	2,867,578	0.24	0.23	2,867,578	0.24	0.23
Illinois	56,873,824	4.83	4.60	56,873,824	4.83	4.60	56,873,824	4.83	4.60
Indiana	26,181,999	2.22	2.12	26,181,999	2.22	2.12	26,181,999	2.22	2.12
Iowa	8,507,792	0.72	0.69	8,507,792	0.72	0.69	8,507,792	0.72	0.69
Kansas	9,811,721	0.83	0.79	9,811,721	0.83	0.79	9,811,721	0.83	0.79
Kentucky	16,701,653	1.42	1.35	16,701,653	1.42	1.35	16,701,653	1.42	1.35
Louisiana	13,864,552	1.18	1.12	13,864,552	1.18	1.12	13,864,552	1.18	1.12
Maine	3,018,598	0.26	0.24	3,018,598	0.26	0.24	3,018,598	0.26	0.24
Maryland	23,301,407	1.98	1.89	23,301,407	1.98	1.89	23,301,407	1.98	1.89
Massachusetts	44,973,373	3.82	3.64	44,973,373	3.82	3.64	44,973,373	3.82	3.64
Michigan	32,081,922	2.72	2.60	32,081,922	2.72	2.60	32,081,922	2.72	2.60
Minnesota	23,367,543	1.98	1.89	23,367,543	1.98	1.89	23,367,543	1.98	1.89
Mississippi	6,293,116	0.53	0.51	6,293,116	0.53	0.51	6,293,116	0.53	0.51
Missouri	24,668,568	2.09	2.00	24,668,568	2.09	2.00	24,668,568	2.09	2.00
Montana	3,190,691	0.27	0.26	3,190,691	0.27	0.26	3,190,691	0.27	0.26
Nebraska	10,594,637	0.90	0.86	10,594,637	0.90	0.86	10,594,637	0.90	0.86
Nevada	2,580,422	0.22	0.21	2,580,422	0.22	0.21	2,580,422	0.22	0.21
New Hampshire	4,581,870	0.39	0.37	4,581,870	0.39	0.37	4,581,870	0.39	0.37
New Jersey	26,374,178	2.24	2.13	26,374,178	2.24	2.13	26,374,178	2.24	2.13

Table B.1 (continued)

State	2002 Allocation ($)	% for States	% of Total	2003 Allocation ($)	% for States	% of Total	2004 Allocation ($)	% for States	% of Total
New Mexico	8,307,587	0.71	0.67	8,307,587	0.71	0.67	8,307,587	0.71	0.67
New York	101,983,998	8.66	8.26	101,983,998	8.66	8.26	101,983,998	8.66	8.26
North Carolina	69,639,228	5.91	5.64	69,639,228	5.91	5.64	69,639,228	5.91	5.64
North Dakota	2,506,022	0.21	0.20	2,506,022	0.21	0.20	2,506,022	0.21	0.20
Ohio	70,124,656	5.96	5.68	70,124,656	5.96	5.68	70,124,656	5.96	5.68
Oklahoma	24,909,979	2.12	2.02	24,909,979	2.12	2.02	24,909,979	2.12	2.02
Oregon	19,408,790	1.65	1.57	19,408,790	1.65	1.57	19,408,790	1.65	1.57
Pennsylvania	55,336,804	4.70	4.48	55,336,804	4.70	4.48	55,336,804	4.70	4.48
Puerto Rico	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
Rhode Island	6,633,774	0.56	0.54	6,633,774	0.56	0.54	6,633,774	0.56	0.54
South Carolina	9,867,439	0.84	0.80	9,867,439	0.84	0.80	9,867,439	0.84	0.80
South Dakota	1,710,801	0.15	0.14	1,710,801	0.15	0.14	1,710,801	0.15	0.14
Tennessee	37,702,188	3.20	3.05	37,702,188	3.20	3.05	37,702,188	3.20	3.05
Texas	59,844,129	5.08	4.84	59,844,129	5.08	4.84	59,844,129	5.08	4.84
Utah	12,591,564	1.07	1.02	12,591,564	1.07	1.02	12,591,564	1.07	1.02
Vermont	3,944,887	0.34	0.32	3,944,887	0.34	0.32	3,944,887	0.34	0.32
Virginia	21,328,766	1.81	1.73	21,328,766	1.81	1.73	21,328,766	1.81	1.73
Washington	41,883,444	3.56	3.39	41,883,444	3.56	3.39	41,883,444	3.56	3.39
West Virginia	8,727,005	0.74	0.71	8,727,005	0.74	0.71	8,727,005	0.74	0.71
Wisconsin	24,511,351	2.08	1.98	24,511,351	2.08	1.98	24,511,351	2.08	1.98
Wyoming	2,815,041	0.24	0.23	2,815,041	0.24	0.23	2,815,041	0.24	0.23
Tribes and tribal organizations	54,340,000		4.40	54,340,000		4.40	54,340,000		4.40
T&TA	3,529,600		0.29	3,532,100		0.29	3,532,100		0.29
Other set-asides	0		0.00	0		0.00	0		0.00

Table B.2

Federal Funding for the Child Care Matching Program Under CCDF, by State, Fiscal Years 2002–2004

	2002	2003	2004
Initial appropriation	1,522,720,018	1,505,096,341	1,481,603,119
T&TA	3,257,900	3,260,400	3,260,00
Balance for allocation to states	1,519,462,118	1,501,835,941	1,478,342,719

State	2002 Allocation ($)	% for States	% of Total	2003 Allocation ($)	% for States	% of Total	2004 Allocation ($)	% for States	% of Total
United States (total)	1,522,720,018		100.00	1,505,096,341		100.00	1,481,603,119		100.00
United States (states)	1,519,462,118	100.00	99.79	1,501,835,941	100.00	99.78	1,478,342,719	100.00	99.78
Alabama	22,803,334	1.50	1.50	22,787,452	1.52	1.51	22,357,606	1.51	1.51
Alaska	4,041,917	0.27	0.27	3,916,241	0.26	0.26	3,806,614	0.26	0.26
Arizona	29,867,432	1.97	1.96	29,121,287	1.94	1.93	30,537,291	2.07	2.06
Arkansas	13,918,143	0.92	0.91	14,075,575	0.94	0.94	13,665,437	0.92	0.92
California	202,345,010	13.32	13.29	197,266,184	13.14	13.11	194,509,901	13.16	13.13
Colorado	23,346,084	1.54	1.53	23,040,497	1.53	1.53	23,434,710	1.59	1.58
Connecticut	18,325,536	1.21	1.20	17,867,464	1.19	1.19	17,711,451	1.20	1.20
Delaware	4,194,685	0.28	0.28	4,094,758	0.27	0.27	3,845,045	0.26	0.26
District of Columbia	2,532,376	0.17	0.17	2,518,681	0.17	0.17	2,409,433	0.16	0.16
Florida	74,315,596	4.89	4.88	76,091,169	5.07	5.06	78,288,271	5.30	5.28
Georgia	46,969,407	3.09	3.08	45,906,585	3.06	3.05	46,689,474	3.16	3.15
Hawaii	6,391,035	0.42	0.42	6,200,696	0.41	0.41	6,057,888	0.41	0.41
Idaho	7,687,126	0.51	0.50	7,429,065	0.49	0.49	7,437,775	0.50	0.50
Illinois	70,164,324	4.62	4.61	68,461,856	4.56	4.55	66,610,830	4.51	4.50
Indiana	33,404,663	2.20	2.19	32,949,554	2.19	2.19	32,396,798	2.19	2.19
Iowa	14,671,371	0.97	0.96	14,699,695	0.98	0.98	13,866,378	0.94	0.94
Kansas	14,387,106	0.95	0.94	13,511,762	0.90	0.90	13,961,861	0.94	0.94
Kentucky	21,286,383	1.40	1.40	20,717,055	1.38	1.38	18,814,779	1.27	1.27
Louisiana	24,347,811	1.60	1.60	24,392,574	1.62	1.62	23,785,249	1.61	1.61
Maine	6,220,317	0.41	0.41	5,942,149	0.40	0.39	5,339,687	0.36	0.36
Maryland	29,279,003	1.93	1.92	28,474,096	1.90	1.89	27,931,211	1.89	1.89
Massachusetts	32,528,105	2.14	2.14	31,705,468	2.11	2.11	29,582,741	2.00	2.00
Michigan	53,067,749	3.49	3.49	53,019,858	3.53	3.52	51,749,832	3.50	3.49
Minnesota	27,153,654	1.79	1.78	26,432,249	1.76	1.76	24,783,796	1.68	1.67
Mississippi	15,814,248	1.04	1.04	16,046,467	1.07	1.07	15,411,263	1.04	1.04
Missouri	30,244,097	1.99	1.99	29,509,291	1.96	1.96	27,930,477	1.89	1.89
Montana	4,707,222	0.31	0.31	4,581,598	0.31	0.30	4,162,804	0.28	0.28
Nebraska	9,431,220	0.62	0.62	9,203,513	0.61	0.61	8,783,753	0.59	0.59
Nevada	11,345,185	0.75	0.75	11,045,443	0.74	0.73	11,949,338	0.81	0.81
New Hampshire	6,577,515	0.43	0.43	6,410,050	0.43	0.43	6,055,091	0.41	0.41
New Jersey	45,576,393	3.00	2.99	44,485,532	2.96	2.96	43,455,477	2.94	2.93
New Mexico	10,636,452	0.70	0.70	10,446,491	0.70	0.69	9,979,060	0.68	0.67
New York	101,291,573	6.67	6.65	98,905,169	6.59	6.57	93,736,495	6.34	6.33

Table B.2 (continued)

State	2002 Allocation ($)	% for States	% of Total	2003 Allocation ($)	% for States	% of Total	2004 Allocation ($)	% for States	% of Total
North Carolina	42,875,908	2.82	2.82	41,786,892	2.78	2.78	42,591,607	2.88	2.87
North Dakota	3,295,271	0.22	0.22	3,203,855	0.21	0.21	2,842,739	0.19	0.19
Ohio	61,571,001	4.05	4.04	60,135,572	4.00	4.00	58,044,098	3.93	3.92
Oklahoma	11,502,467	0.76	0.76	17,882,011	1.19	1.19	17,580,815	1.19	1.19
Oregon	17,957,396	1.18	1.18	17,518,840	1.17	1.16	17,186,307	1.16	1.16
Pennsylvania	61,888,243	4.07	4.06	60,288,855	4.01	4.01	56,664,126	3.83	3.82
Puerto Rico	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
Rhode Island	5,348,500	0.35	0.35	5,214,206	0.35	0.35	4,802,307	0.32	0.32
South Carolina	21,613,855	1.42	1.42	21,102,152	1.41	1.40	19,747,062	1.34	1.33
South Dakota	4,187,868	0.28	0.28	4,083,173	0.27	0.27	3,839,337	0.26	0.26
Tennessee	29,774,488	1.96	1.96	29,341,759	1.95	1.95	28,550,002	1.93	1.93
Texas	122,569,631	8.07	8.05	122,331,771	8.15	8.13	125,093,433	8.46	8.44
Utah	7,800,000	0.51	0.51	9,821,524	0.65	0.65	14,786,623	1.00	1.00
Vermont	3,047,752	0.20	0.20	2,969,318	0.20	0.20	2,669,490	0.18	0.18
Virginia	36,888,539	2.43	2.42	35,645,251	2.37	2.37	36,137,995	2.44	2.44
Washington	30,720,798	2.02	2.02	30,660,837	2.04	2.04	30,359,606	2.05	2.05
West Virginia	8,412,231	0.55	0.55	8,181,995	0.54	0.54	7,694,611	0.52	0.52
Wisconsin	28,648,757	1.89	1.88	27,936,713	1.86	1.86	26,364,342	1.78	1.78
Wyoming	2,487,341	0.16	0.16	2,475,693	0.16	0.16	2,350,403	0.16	0.16
T&TA	3,257,900		0.21	3,260,400		0.22	3,260,400		0.22
Other set-asides	0		0.00	0		0.00	0		0.00

Table B.3

Federal Funding for the Child Care Discretionary Program Under CCDBG, by State, Fiscal Years 2002–2004

	2002	2003	2004
Initial appropriation	2,099,942,000	2,086,344,039	2,087,309,782
Set-asides: research, Child Care Aware	9,972,000	10,928,500	10,799,902
T&TA	5,225,985	5,215,860	5,218,274
Balance for states, tribes, and territories	2,084,744,015	2,070,199,679	2,071,291,606
Territories, except Puerto Rico (0.5%)	10,499,970	10,431,720	10,436,549
Tribes (2%)	42,999,880	41,726,881	41,746,196
Balance for allocation to states	2,031,244,165	1,018,041,078	2,019,108,861

State	2002 Allocation ($)	% for States	% of Total	2003 Allocation ($)	% for States	% of Total	2004 Allocation ($)	% for States	% of Total
United States (total)	2,099,942,000		100.00	2,086,344,039		100.00	2,087,309,782		100.00
United States (states)	2,031,244,165	100.00	96.73	2,018,041,078	100.00	96.73	2,019,108,861	100.00	96.73
Alabama	42,929,737	2.11	2.04	41,669,808	2.06	2.00	41,347,694	2.05	1.98
Alaska	4,077,745	0.20	0.19	4,235,305	0.21	0.20	4,238,361	0.21	0.20
Arizona	43,481,082	2.14	2.07	45,571,488	2.26	2.18	47,827,110	2.37	2.29
Arkansas	25,553,862	1.26	1.22	24,908,331	1.23	1.19	24,828,236	1.23	1.19
California	243,602,191	11.99	11.60	237,916,955	11.79	11.40	236,072,938	11.69	11.31
Colorado	23,216,949	1.14	1.11	23,005,510	1.14	1.10	23,901,292	1.18	1.15
Connecticut	15,516,200	0.76	0.74	15,024,485	0.74	0.72	14,833,415	0.73	0.71
Delaware	4,425,363	0.22	0.21	4,457,902	0.22	0.21	4,405,655	0.22	0.21
District of Columbia	3,575,717	0.18	0.17	3,629,174	0.18	0.17	3,419,790	0.17	0.16
Florida	105,495,897	5.19	5.02	109,499,949	5.43	5.25	113,431,958	5.62	5.43
Georgia	69,949,985	3.44	3.33	71,135,781	3.52	3.41	74,026,303	3.67	3.55
Hawaii	8,044,428	0.40	0.38	8,396,509	0.42	0.40	8,539,970	0.42	0.41
Idaho	11,558,158	0.57	0.55	11,226,805	0.56	0.54	11,282,123	0.56	0.54
Illinois	78,610,865	3.87	3.74	79,108,757	3.92	3.79	78,796,424	3.90	3.78
Indiana	39,634,316	1.95	1.89	40,065,212	1.99	1.92	40,675,116	2.01	1.95
Iowa	18,910,604	0.93	0.90	19,106,391	0.95	0.92	18,451,602	0.91	0.88
Kansas	18,966,933	0.93	0.90	19,990,557	0.99	0.96	18,816,422	0.93	0.90
Kentucky	37,296,800	1.84	1.78	35,915,722	1.78	1.72	34,865,897	1.73	1.67
Louisiana	51,717,684	2.55	2.46	49,229,580	2.44	2.36	48,317,712	2.39	2.31
Maine	7,952,708	0.39	0.38	7,745,944	0.38	0.37	7,274,434	0.36	0.35
Maryland	27,855,834	1.37	1.33	27,852,704	1.38	1.34	28,257,196	1.40	1.35
Massachusetts	28,623,370	1.41	1.36	27,871,895	1.38	1.34	26,968,527	1.34	1.29
Michigan	60,683,562	2.99	2.89	60,260,357	2.99	2.89	59,304,102	2.94	2.84
Minnesota	27,017,650	1.33	1.29	26,588,285	1.32	1.27	25,791,089	1.28	1.24
Mississippi	34,880,544	1.72	1.66	33,831,691	1.68	1.62	33,350,381	1.65	1.60
Missouri	38,897,572	1.91	1.85	39,380,751	1.95	1.89	39,717,544	1.97	1.90
Montana	6,447,972	0.32	0.31	6,161,988	0.31	0.30	5,850,415	0.29	0.28

Table B.3 (continued)

State	2002 Allocation ($)	% for States	% of Total	2003 Allocation ($)	% for States	% of Total	2004 Allocation ($)	% for States	% of Total
Nebraska	11,693,011	0.58	0.56	11,821,200	0.59	0.57	11,786,473	0.58	0.56
Nevada	10,855,892	0.53	0.52	11,693,764	0.58	0.56	12,666,448	0.63	0.61
New Hampshire	5,342,257	0.26	0.25	5,120,587	0.25	0.25	4,953,144	0.25	0.24
New Jersey	39,728,574	1.96	1.89	39,224,508	1.94	1.88	38,635,288	1.91	1.85
New Mexico	19,313,705	0.95	0.92	18,863,936	0.93	0.90	18,661,819	0.92	0.89
New York	117,149,059	5.77	5.58	116,406,824	5.77	5.58	112,927,457	5.59	5.41
North Carolina	59,839,819	2.95	2.85	61,674,871	3.06	2.96	64,050,795	3.17	3.07
North Dakota	4,636,540	0.23	0.22	4,442,320	0.22	0.21	4,128,478	0.20	0.20
Ohio	69,347,042	3.41	3.30	69,277,206	3.43	3.32	69,472,724	3.44	3.33
Oklahoma	32,478,555	1.60	1.55	31,231,786	1.55	1.50	30,891,348	1.53	1.48
Oregon	21,693,453	1.07	1.03	22,218,120	1.10	1.06	22,511,389	1.11	1.08
Pennsylvania	65,737,635	3.24	3.13	65,775,370	3.26	3.15	63,998,114	3.17	3.07
Puerto Rico	47,373,817	2.33	2.26	44,872,022	2.22	2.15	42,537,814	2.11	2.04
Rhode Island	5,608,803	0.28	0.27	5,731,440	0.28	0.27	5,557,576	0.28	0.27
South Carolina	38,362,704	1.89	1.83	36,969,971	1.83	1.77	36,762,237	1.82	1.76
South Dakota	6,239,240	0.31	0.30	6,125,525	0.30	0.29	5,934,932	0.29	0.28
Tennessee	44,213,390	2.18	2.11	45,041,191	2.23	2.16	45,806,620	2.27	2.19
Texas	202,599,171	9.97	9.65	200,954,072	9.96	9.63	206,706,015	10.24	9.90
Utah	21,355,203	1.05	1.02	20,756,252	1.03	0.99	21,301,089	1.05	1.02
Vermont	3,452,257	0.17	0.16	3,352,999	0.17	0.16	3,159,672	0.16	0.15
Virginia	40,870,368	2.01	1.95	40,206,082	1.99	1.93	40,721,683	2.02	1.95
Washington	34,994,466	1.72	1.67	34,070,750	1.69	1.63	34,112,913	1.69	1.63
West Virginia	15,110,217	0.74	0.72	14,332,291	0.71	0.69	13,655,595	0.68	0.65
Wisconsin	31,004,615	1.53	1.48	30,894,490	1.53	1.48	30,503,926	1.51	1.46
Wyoming	3,320,644	0.16	0.16	3,195,665	0.16	0.15	3,073,606	0.15	0.15
American Samoa	2,663,480		0.13	2,646,159		0.13	2,751,540		0.13
Guam	4,000,757		0.19	3,974,740		0.19	3,937,305		0.19
Northern Mariana Islands	1,636,489		0.08	1,625,883		0.08	1,722,749		0.08
U.S. Virgin Islands	2,199,244		0.10	2,184,938		0.10	2,024,955		0.10
Tribes and tribal organizations	42,999,880		2.05	41,726,881		2.00	41,746,196		2.00
T&TA	5,225,985		0.25	5,215,860		0.25	5,218,274		0.25
Other set-asides	9,972,000		0.47	10,928,500		0.52	10,799,902		0.52

Table B.4

Combined Total Federal Funding for the Child Care Mandatory, Matching, and Discretionary Programs Under CCDF and CCDBG, by State, Fiscal Years 2002–2004

	2002	2003	2004
Initial appropriations	4,858,056,399	4,826,837,261	4,804,309,782
Set-asides	9,972,000	10,928,500	10,799,902
T&TA	12,013,485	12,008,360	12,010,774
Balance for states, tribes, and territories	4,836,070,914	4,803,900,401	4,781,499,106
Territories, except Puerto Rico	10,499,970	10,431,720	10,436,549
Tribes	97,339,880	96,066,881	96,086,196
Balance for allocation to states	4,728,231,064	4,697,401,800	4,674,976,361

State	2002 Allocation ($)	% for States	% of Total	2003 Allocation ($)	% for States	% of Total	2004 Allocation ($)	% for States	% of Total
United States (total)	4,858,056,399		100.00	4,826,837,261		100.00	4,804,309,782		100.00
United States (states)	4,728,231,064	100.00	97.33	4,697,401,800	100.00	97.32	4,674,976,361	100.00	97.31
Alabama	82,174,778	1.74	1.69	80,898,967	1.72	1.68	80,147,007	1.71	1.67
Alaska	11,664,473	0.25	0.24	11,696,357	0.25	0.24	11,589,786	0.25	0.24
Arizona	93,175,539	1.97	1.92	94,519,800	2.01	1.96	98,191,426	2.10	2.04
Arkansas	44,772,288	0.95	0.92	44,284,189	0.94	0.92	43,793,956	0.94	0.91
California	531,540,418	11.24	10.94	520,776,356	11.09	10.79	516,176,056	11.04	10.74
Colorado	56,736,833	1.20	1.17	56,219,807	1.20	1.16	57,509,802	1.23	1.20
Connecticut	52,580,093	1.11	1.08	51,630,306	1.10	1.07	51,283,223	1.10	1.07
Delaware	13,799,378	0.29	0.28	13,731,990	0.29	0.28	13,430,030	0.29	0.28
District of Columbia	10,675,067	0.23	0.22	10,714,829	0.23	0.22	10,396,197	0.22	0.22
Florida	222,838,017	4.71	4.59	228,617,642	4.87	4.74	234,746,753	5.02	4.89
Georgia	153,467,615	3.25	3.16	153,590,589	3.27	3.18	157,264,000	3.36	3.27
Hawaii	19,407,096	0.41	0.40	19,568,838	0.42	0.41	19,569,491	0.42	0.41
Idaho	22,112,862	0.47	0.46	21,523,448	0.46	0.45	21,587,476	0.46	0.45
Illinois	205,649,013	4.35	4.23	204,444,437	4.35	4.24	202,281,078	4.33	4.21
Indiana	99,220,978	2.10	2.04	99,196,765	2.11	2.06	99,253,913	2.12	2.07
Iowa	42,089,767	0.89	0.87	42,313,878	0.90	0.88	40,825,772	0.87	0.85
Kansas	43,165,760	0.91	0.89	43,314,040	0.92	0.90	42,590,004	0.91	0.89
Kentucky	75,284,836	1.59	1.55	73,334,430	1.56	1.52	70,382,329	1.51	1.46
Louisiana	89,930,047	1.90	1.85	87,486,706	1.86	1.81	85,967,513	1.84	1.79
Maine	17,191,623	0.36	0.35	16,706,691	0.36	0.35	15,632,719	0.33	0.33
Maryland	80,436,244	1.70	1.66	79,628,207	1.70	1.65	79,489,814	1.70	1.65
Massachusetts	106,124,848	2.24	2.18	104,550,736	2.23	2.17	101,524,641	2.17	2.11
Michigan	145,833,233	3.08	3.00	145,362,137	3.09	3.01	143,135,856	3.06	2.98
Minnesota	77,538,847	1.64	1.60	76,388,077	1.63	1.58	73,942,428	1.58	1.54
Mississippi	56,987,908	1.21	1.17	56,171,274	1.20	1.16	55,054,760	1.18	1.15
Missouri	93,810,237	1.98	1.93	93,558,610	1.99	1.94	92,316,589	1.97	1.92
Montana	14,345,885	0.30	0.30	13,934,277	0.30	0.29	13,203,910	0.28	0.27
Nebraska	31,718,868	0.67	0.65	31,619,350	0.67	0.66	31,164,863	0.67	0.65
Nevada	24,781,499	0.52	0.51	25,319,629	0.54	0.52	27,196,208	0.58	0.57

Table B.4 (continued)

State	2002 Allocation ($)	% for States	% of Total	2003 Allocation ($)	% for States	% of Total	2004 Allocation ($)	% for States	% of Total
New Hampshire	16,501,642	0.35	0.34	16,112,507	0.34	0.33	15,590,105	0.33	0.32
New Jersey	111,679,145	2.36	2.30	110,084,218	2.34	2.28	108,464,943	2.32	2.26
New Mexico	38,257,744	0.81	0.79	37,618,014	0.80	0.78	36,948,466	0.79	0.77
New York	320,424,630	6.78	6.60	317,295,991	6.75	6.57	308,647,950	6.60	6.42
North Carolina	172,354,955	3.65	3.55	173,100,991	3.69	3.59	176,281,630	3.77	3.67
North Dakota	10,437,833	0.22	0.21	10,152,197	0.22	0.21	9,477,239	0.20	0.20
Ohio	201,042,699	4.25	4.14	199,537,434	4.25	4.13	197,641,478	4.23	4.11
Oklahoma	68,891,001	1.46	1.42	74,023,776	1.58	1.53	73,382,142	1.57	1.53
Oregon	59,059,639	1.25	1.22	59,145,750	1.26	1.23	59,106,486	1.26	1.23
Pennsylvania	182,962,682	3.87	3.77	181,401,029	3.86	3.76	175,999,044	3.76	3.66
Puerto Rico	47,373,817	1.00	0.98	44,872,022	0.96	0.93	42,537,814	0.91	0.89
Rhode Island	17,591,077	0.37	0.36	17,579,420	0.37	0.36	16,993,657	0.36	0.35
South Carolina	69,843,998	1.48	1.44	67,939,562	1.45	1.41	66,376,738	1.42	1.38
South Dakota	12,137,909	0.26	0.25	11,919,499	0.25	0.25	11,485,070	0.25	0.24
Tennessee	111,690,066	2.36	2.30	112,085,138	2.39	2.32	112,058,810	2.40	2.33
Texas	385,012,931	8.14	7.93	383,129,972	8.16	7.94	391,643,577	8.38	8.15
Utah	41,746,767	0.88	0.86	43,169,340	0.92	0.89	48,679,276	1.04	1.01
Vermont	10,444,896	0.22	0.22	10,267,204	0.22	0.21	9,774,049	0.21	0.20
Virginia	99,087,673	2.10	2.04	97,180,099	2.07	2.01	98,188,444	2.10	2.04
Washington	107,598,708	2.28	2.21	106,615,031	2.27	2.21	106,355,963	2.28	2.21
West Virginia	32,249,453	0.68	0.66	31,241,291	0.67	0.65	30,077,211	0.64	0.63
Wisconsin	84,164,723	1.78	1.73	83,342,554	1.77	1.73	81,379,619	1.74	1.69
Wyoming	8,623,026	0.18	0.18	8,486,399	0.18	0.18	8,239,050	0.18	0.17
American Samoa	60,261,380		1.24	60,246,559		1.25	60,351,940		1.26
Guam	7,530,357		0.16	7,506,840		0.16	7,469,405		0.16
Northern Mariana Islands	1,636,489		0.03	1,625,883		0.03	1,722,749		0.04
U.S. Virgin Islands	2,199,244		0.05	2,184,938		0.05	2,024,955		0.04
Tribes	42,999,880		0.89	41,726,881		0.86	41,746,196		0.87
T&TA	5,225,985		0.11	5,215,860		0.11	5,218,274		0.11
Other set-asides	9,972,000		0.21	10,928,500		0.23	10,799,902		0.22

Appendix C

Predicted CCDBG Discretionary Grant Funding, Formula Omitting Current Law Use of Per Capita Income to Adjust Allocations, Fiscal Year 2004

Table C.1

Predicted CCDBG Discretionary Grant Funding, Formula Omitting Current Law Use of Per Capita Income to Adjust Allocations, Fiscal Year 2004

	2004 Actual Formula	2004, No PCI Adjustment
Initial appropriation	2,087,309,782	2,087,309,782
Set-asides: research, Child Care Aware	10,799,902	10,799,902
T&TA	5,218,274	5,218,274
Balance for states, tribes, and territories	2,071,291,606	2,071,291,606
Territories, except Puerto Rico (0.5%)	10,436,549	10,436,549
Tribes (2%)	41,746,196	41,746,196
Balance for allocation to states	2,019,108,861	2,019,108,861

	2004 Actual Formula			2004, No PCI Adjustment			Change:
State	Allocation ($)	% for States	% of Total	Allocation ($)	% for States	% of Total	Difference in Allocation ($)
United States (total)	2,087,309,782		100.00	2,087,309,782		100.00	0
United States (states)	2,019,108,861	100.00	96.73	2,019,108,861	100.00	96.73	0
Alabama	41,347,694	2.05	1.98	36,125,066	1.79	1.73	–5,222,628
Alaska	4,238,361	0.21	0.20	4,340,522	0.21	0.21	102,161
Arizona	47,827,110	2.37	2.29	41,548,394	2.06	1.99	–6,278,716
Arkansas	24,828,236	1.23	1.19	21,672,777	1.07	1.04	–3,155,459
California	236,072,938	11.69	11.31	254,361,681	12.60	12.19	18,288,743
Colorado	23,901,292	1.18	1.15	26,080,426	1.29	1.25	2,179,134
Connecticut	14,833,415	0.73	0.71	19,404,159	0.96	0.93	4,570,744
Delaware	4,405,655	0.22	0.21	4,723,394	0.23	0.23	317,739
District of Columbia	3,419,790	0.17	0.16	4,497,222	0.22	0.22	1,077,432
Florida	113,431,958	5.62	5.43	110,668,387	5.48	5.30	–2,763,571
Georgia	74,026,303	3.67	3.55	71,458,554	3.54	3.42	–2,567,749
Hawaii	8,539,970	0.42	0.41	8,383,585	0.42	0.40	–156,385
Idaho	11,282,123	0.56	0.54	9,655,952	0.48	0.46	–1,626,171
Illinois	78,796,424	3.90	3.78	88,116,070	4.36	4.22	9,319,646
Indiana	40,675,116	2.01	1.95	38,159,149	1.89	1.83	–2,515,967
Iowa	18,451,602	0.91	0.88	17,118,340	0.85	0.82	–1,333,262
Kansas	18,816,422	0.93	0.90	18,369,668	0.91	0.88	–446,754
Kentucky	34,865,897	1.73	1.67	30,399,927	1.51	1.46	–4,465,970
Louisiana	48,317,712	2.39	2.31	41,968,051	2.08	2.01	–6,349,661
Maine	7,274,434	0.36	0.35	6,579,454	0.33	0.32	–694,980
Maryland	28,257,196	1.40	1.35	32,759,725	1.62	1.57	4,502,529
Massachusetts	26,968,527	1.34	1.29	33,491,051	1.66	1.60	6,522,524
Michigan	59,304,102	2.94	2.84	60,492,266	3.00	2.90	1,188,164
Minnesota	25,791,089	1.28	1.24	28,325,599	1.40	1.36	2,534,510
Mississippi	33,350,381	1.65	1.60	28,919,979	1.43	1.39	–4,430,402
Missouri	39,717,544	1.97	1.90	37,487,802	1.86	1.80	–2,229,742
Montana	5,850,415	0.29	0.28	5,129,520	0.25	0.25	–720,895
Nebraska	11,786,473	0.58	0.56	11,287,681	0.56	0.54	–498,792
Nevada	12,666,448	0.63	0.61	13,272,636	0.66	0.64	606,188
New Hampshire	4,953,144	0.25	0.24	5,475,338	0.27	0.26	522,194
New Jersey	38,635,288	1.91	1.85	48,692,443	2.41	2.33	10,057,155
New Mexico	18,661,819	0.92	0.89	15,977,771	0.79	0.77	–2,684,048

Table C.1 (continued)

State	2004 Actual Formula			2004, No PCI Adjustment			Change:
		% for	% of		% for	% of	Difference in
	Allocation ($)	States	Total	Allocation ($)	States	Total	Allocation ($)
New York	112,927,457	5.59	5.41	134,329,338	6.65	6.44	21,401,881
North Carolina	64,050,795	3.17	3.07	59,264,865	2.94	2.84	–4,785,930
North Dakota	4,128,478	0.20	0.20	3,601,707	0.18	0.17	–526,771
Ohio	69,472,724	3.44	3.33	67,878,279	3.36	3.25	–1,594,445
Oklahoma	30,891,348	1.53	1.48	26,600,583	1.32	1.27	–4,290,765
Oregon	22,511,389	1.11	1.08	21,560,606	1.07	1.03	–950,783
Pennsylvania	63,998,114	3.17	3.07	65,286,210	3.23	3.13	1,288,096
Puerto Rico	42,537,814	2.11	2.04	37,051,654	1.84	1.78	–5,486,160
Rhode Island	5,557,576	0.28	0.27	5,663,213	0.28	0.27	105,637
South Carolina	36,762,237	1.82	1.76	31,876,738	1.58	1.53	–4,885,499
South Dakota	5,934,932	0.29	0.28	5,293,294	0.26	0.25	–641,638
Tennessee	45,806,620	2.27	2.19	41,293,309	2.05	1.98	–4,513,311
Texas	206,706,015	10.24	9.90	197,879,815	9.80	9.48	–8,826,200
Utah	21,301,089	1.05	1.02	18,546,908	0.92	0.89	–2,754,181
Vermont	3,159,672	0.16	0.15	2,946,019	0.15	0.14	–213,653
Virginia	40,721,683	2.02	1.95	43,464,954	2.15	2.08	2,743,271
Washington	34,112,913	1.69	1.63	36,754,244	1.82	1.76	2,641,331
West Virginia	13,655,595	0.68	0.65	11,961,936	0.59	0.57	–1,693,659
Wisconsin	30,503,926	1.51	1.46	30,013,872	1.49	1.44	–490,054
Wyoming	3,073,606	0.15	0.15	2,898,728	0.14	0.14	–174,878
American Samoa	2,751,540		0.13	2,751,540		0.13	0
Guam	3,937,305		0.19	3,937,305		0.19	0
Northern Mariana Islands	1,722,749		0.08	1,722,749		0.08	0
U.S. Virgin Islands	2,024,955		0.10	2,024,955		0.10	0
Tribes and tribal organizations	41,746,196		2.00	41,746,196		2.00	0
T&TA	5,218,274		0.25	5,218,274		0.25	0
Other set-asides	10,799,902		0.52	10,799,902		0.52	0

Appendix D

Predicted Federal Child Care Supplemental Grant Funding Under the Proposed Snowe-Dodd Amendment, Fiscal Years 2005–2009

Table D.1

Predicted Federal Child Care Supplemental Grant Funding Under the Proposed Snowe-Dodd Amendment (Approved in the U.S. Senate on March 30, 2004), by State, Fiscal Years 2005–2009

	% for States	% of Total	2005 Allocation ($)	2006 Allocation ($)	2007 Allocation ($)	2008 Allocation ($)	2009 Allocation ($)	Five-Year Total ($)
United States (total)		100.00	700,000,000	1,000,000,000	1,200,000,000	1,400,000,000	1,700,000,000	6,000,000,000
United States (states)	100.00	96.00	672,000,000	960,000,000	1,152,000,000	1,344,000,000	1,632,000,000	5,760,000,000
Alabama	1.52	1.46	10,196,299	14,566,141	17,479,369	20,392,597	24,762,440	87,396,845
Alaska	0.26	0.25	1,752,331	2,503,330	3,003,996	3,504,662	4,255,661	15,019,982
Arizona	1.94	1.86	13,030,388	18,614,840	22,337,808	26,060,776	31,645,228	111,689,039
Arkansas	0.94	0.90	6,298,149	8,997,356	10,796,827	12,596,298	15,295,505	53,984,134
California	13.14	12.61	88,267,215	126,096,021	151,315,225	176,534,430	214,363,236	756,576,127
Colorado	1.53	1.47	10,309,524	14,727,892	17,673,470	20,619,048	25,037,416	88,367,350
Connecticut	1.19	1.14	7,994,839	11,421,198	13,705,437	15,989,677	19,416,036	68,527,187
Delaware	0.27	0.26	1,832,209	2,617,441	3,140,930	3,664,418	4,449,651	15,704,649
District of Columbia	0.17	0.16	1,126,990	1,609,985	1,931,982	2,253,979	2,736,975	9,659,912
Florida	5.07	4.86	34,047,171	48,638,816	58,366,579	68,094,343	82,685,987	291,832,897
Georgia	3.06	2.93	20,541,009	29,344,298	35,213,158	41,082,017	49,885,307	176,065,789
Hawaii	0.41	0.40	2,774,516	3,963,594	4,756,313	5,549,032	6,738,110	23,781,565
Idaho	0.49	0.47	3,324,152	4,748,789	5,698,547	6,648,305	8,072,942	28,492,736
Illinois	4.56	4.38	30,633,417	43,762,025	52,514,430	61,266,835	74,395,442	262,572,149
Indiana	2.19	2.11	14,743,355	21,061,936	25,274,323	29,486,710	35,805,290	126,371,613
Iowa	0.98	0.94	6,577,413	9,396,304	11,275,565	13,154,826	15,973,717	56,377,825
Kansas	0.90	0.86	6,045,869	8,636,956	10,364,348	12,091,739	14,682,826	51,821,738
Kentucky	1.38	1.32	9,269,895	13,242,707	15,891,248	18,539,789	22,512,601	79,456,240

Table D.1 (continued)

	% for States	% of Total	2005 Allocation ($)	2006 Allocation ($)	2007 Allocation ($)	2008 Allocation ($)	2009 Allocation ($)	Five-Year Total ($)
Louisiana	1.62	1.56	10,914,514	15,592,163	18,710,596	21,829,028	26,506,677	93,552,979
Maine	0.40	0.38	2,658,828	3,798,326	4,557,992	5,317,657	6,457,155	22,789,958
Maryland	1.90	1.82	12,740,801	18,201,144	21,841,373	25,481,602	30,941,945	109,206,864
Massachusetts	2.11	2.03	14,186,686	20,266,694	24,320,033	28,373,371	34,453,380	121,600,163
Michigan	3.53	3.39	23,723,859	33,891,228	40,669,473	47,447,719	57,615,087	203,347,366
Minnesota	1.76	1.69	11,827,172	16,895,959	20,275,151	23,654,343	28,723,131	101,375,756
Mississippi	1.07	1.03	7,180,029	10,257,184	12,308,621	14,360,058	17,437,214	61,543,107
Missouri	1.96	1.89	13,204,001	18,862,859	22,635,431	26,408,002	32,066,860	113,177,153
Montana	0.31	0.29	2,050,047	2,928,638	3,514,366	4,100,093	4,978,685	17,571,829
Nebraska	0.61	0.59	4,118,133	5,883,048	7,059,657	8,236,267	10,001,181	35,298,286
Nevada	0.74	0.71	4,942,309	7,060,442	8,472,530	9,884,619	12,002,751	42,362,651
New Hampshire	0.43	0.41	2,868,192	4,097,417	4,916,900	5,736,384	6,965,609	24,584,502
New Jersey	2.96	2.84	19,905,155	28,435,936	34,123,123	39,810,310	48,341,091	170,615,616
New Mexico	0.70	0.67	4,674,307	6,677,581	8,013,097	9,348,614	11,351,888	40,065,487
New York	6.59	6.32	44,255,349	63,221,927	75,866,312	88,510,698	107,477,276	379,331,562
North Carolina	2.78	2.67	18,697,642	26,710,918	32,053,101	37,395,285	45,408,560	160,265,507
North Dakota	0.21	0.20	1,433,572	2,047,961	2,457,553	2,867,145	3,481,533	12,287,763
Ohio	4.00	3.84	26,907,802	38,439,717	46,127,661	53,815,604	65,347,520	230,638,304
Oklahoma	1.19	1.14	8,001,348	11,430,497	13,716,596	16,002,695	19,431,844	68,582,979
Oregon	1.17	1.12	7,838,846	11,198,351	13,438,022	15,677,692	19,037,197	67,190,108
Pennsylvania	4.01	3.85	26,976,389	38,537,699	46,245,238	53,952,778	65,514,088	231,226,191
Puerto Rico		1.50	10,500,000	15,000,000	18,000,000	21,000,000	25,500,000	90,000,000

Table D.1 (continued)

	% for States	% of Total	2005 Allocation ($)	2006 Allocation ($)	2007 Allocation ($)	2008 Allocation ($)	2009 Allocation ($)	Five-Year Total ($)
Rhode Island	0.35	0.33	2,333,109	3,333,012	3,999,615	4,666,217	5,666,121	19,998,074
South Carolina	1.41	1.35	9,442,207	13,488,867	16,186,641	18,884,414	22,931,075	80,933,205
South Dakota	0.27	0.26	1,827,025	2,610,036	3,132,043	3,654,051	4,437,061	15,660,217
Tennessee	1.95	1.88	13,129,039	18,755,769	22,506,923	26,258,077	31,884,808	112,534,617
Texas	8.15	7.82	54,737,637	78,196,624	93,835,949	109,475,273	132,934,261	469,179,743
Utah	0.65	0.63	4,394,664	6,278,091	7,533,709	8,789,328	10,672,755	37,668,547
Vermont	0.20	0.19	1,328,628	1,898,040	2,277,648	2,657,257	3,226,669	11,388,242
Virginia	2.37	2.28	15,949,551	22,785,073	27,342,087	31,899,102	38,734,623	136,710,436
Washington	2.04	1.96	13,719,263	19,598,947	23,518,737	27,438,526	33,318,210	117,593,684
West Virginia	0.54	0.52	3,661,053	5,230,075	6,276,090	7,322,106	8,891,128	31,380,452
Wisconsin	1.86	1.79	12,500,347	17,857,639	21,429,167	25,000,695	30,357,987	107,145,836
Wyoming	0.16	0.16	1,107,755	1,582,507	1,899,008	2,215,509	2,690,261	9,495,040
American Samoa		0.13	922,756	1,318,223	1,581,868	1,845,512	2,240,979	7,909,339
Guam		0.19	1,320,414	1,886,306	2,263,567	2,640,828	3,206,720	11,317,836
Northern Mariana Islands		0.08	577,741	825,344	990,413	1,155,482	1,403,085	4,952,065
U.S. Virgin Islands		0.10	679,089	970,127	1,164,152	1,358,177	1,649,215	5,820,760
Tribes and tribal organizations		2.00	14,000,000	20,000,000	24,000,000	28,000,000	34,000,000	120,000,000
TT&A		0.00						0
Other set-asides		0.00						0

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