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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. letter	Letter to President Clinton re: child care (partial) (1 page)	08/31	P6/b(6)
001b. letter	Letter to President Clinton re: child care (partial, page 1 and 4) (2 pages)	n.d.	P6/b(6)
002a. letter	Glenda Rink to President Clinton (2 pages)	07/15/1994	P6/b(6)
002b. letter	Barbara Wiedemann to President Clinton (1 page)	n.d.	P6/b(6)
003. form	Hardship cases caller form (partial) (1 page)	01/27/1995	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Gaynor McCown (Subject Files)
OA/Box Number: 7331

FOLDER TITLE:

[Child Care] [Binder] [2]

2011-0255-S
rc178

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

CHILD CARE AND DEVELOPMENT BLOCK GRANT

ACT OF 1990

grams with (1) any partisan or nonpartisan political activity or any other political activity associated with a candidate, or contending faction or group, in an election for public or party office; (2) any activity to provide voters or prospective voters with transportation to the polls or similar assistance in connection with any such election; or (3) any voter registration activity. The Secretary, after consultation with the Office of Personnel Management, shall issue rules and regulations to provide for the enforcement of this section, which shall include provisions for summary suspension of assistance or other action necessary to permit enforcement on an emergency basis.

(42 U.S.C. 9851)

ADVANCE FUNDING

SEC. 657. For the purpose of affording adequate notice of funding available under this subchapter, appropriations for carrying out this subchapter are authorized to be included in an appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

(42 U.S.C. 9852)

Subchapter C—Child Care and Development Block Grant

SEC. 658A. SHORT TITLE.

This subchapter may be cited as the "Child Care and Development Block Grant Act of 1990".

(42 U.S.C. 9801 note)

SEC. 658B. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out this subchapter, $750,000,000 for fiscal year 1991, $825,000,000 for fiscal year 1992, $925,000,000 for fiscal year 1993, and such sums as may be necessary for each of the fiscal years 1994 and 1995.

(42 U.S.C. 9858)

SEC. 658C. ESTABLISHMENT OF BLOCK GRANT PROGRAM.

The Secretary is authorized to make grants to States in accordance with the provisions of this subchapter.

(42 U.S.C. 9858a)

SEC. 658D. LEAD AGENCY.

(a) DESIGNATION.—The chief executive officer of a State desiring to receive a grant under this subchapter shall designate, in an application submitted to the Secretary under section 658E, an appropriate State agency that complies with the requirements of subsection (b) to act as the lead agency.

(b) DUTIES.—

(1) IN GENERAL.—The lead agency shall—

(A) administer, directly or through other State agencies, the financial assistance received under this subchapter by the State;

(B) develop the State plan to be submitted to the Secretary under section 658E(a);

(C) in conjunction with the development of the State plan as required [illegible]er subparagraph (B), hold at least one hearing in the State to provide to the public an opportunity to comment on the provision of child care services under the State plan; and

(D) coordinate the provision of services under this subchapter with other Federal, State and local child care and early childhood development programs.

(2) DEVELOPMENT OF PLAN.—In the development of the State plan described in paragraph (1)(B), the lead agency shall consult with appropriate representatives of units of general purpose local government. Such consultations may include consideration of local child care needs and resources, the effectiveness of existing child care and early childhood development services, and the methods by which funds made available under this subchapter can be used to effectively address local shortages.

(42 U.S.C. 9858b)

SEC. 658E. APPLICATION AND PLAN.

(a) APPLICATION.—To be eligible to receive assistance under this subchapter, a State shall prepare and submit to the Secretary an application at such time, in such manner, and containing such information as the Secretary shall by rule require, including—

(1) an assurance that the State will comply with the requirements of this subchapter; and

(2) a State plan that meets the requirements of subsection (c).

(b) PERIOD COVERED BY PLAN.—The State plan contained in the application under subsection (a) shall be designed to be implemented—

(1) during a 3-year period for the initial State plan; and

(2) during a 2-year period for subsequent State plans.

(c) REQUIREMENTS OF A PLAN.—

(1) LEAD AGENCY.—The State plan shall identify the lead agency designated under section 658D.

(2) POLICIES AND PROCEDURES.—The State plan shall:

(A) PARENTAL CHOICE OF PROVIDERS.—Provide assurances that—

(i) the parent or parents of each eligible child within the State who receives or is offered child care services for which financial assistance is provided under this subchapter, other than through assistance provided under paragraph (3)(C), are given the option either—

(I) to enroll such child with a child care provider that has a grant or contract for the provision of such services; or

(II) to receive a child care certificate as defined in section 658P(2);

(ii) in cases in which the parent selects the option described in clause (i)(I), the child will be enrolled with the eligible provider selected by the parent to the maximum extent practicable; and

(iii) child care certificates offered to parents selecting the option described in clau (i)(II) shall be of a

value commensurate with the subsidy value of child care services provided under the option described in clause (i)(I);

except that nothing in this subparagraph shall require a State to have a child care certificate program in operation prior to October 1, 1992.

(B) UNLIMITED PARENTAL ACCESS.—Provide assurances that procedures are in effect within the State to ensure that child care providers who provide services for which assistance is made available under this subchapter afford parents unlimited access to their children and to the providers caring for their children, during the normal hours of operation of such providers and whenever such child are in the care of such providers.

(C) PARENTAL COMPLAINTS.—Provide assurances that the State maintains a record of substantiated parental complaints and makes information regarding such parental complaints available to the public on request.

(D) CONSUMER EDUCATION.—Provide assurances that consumer education information will be made available to parents and the general public within the State concerning licensing and regulatory requirements, complaint procedures, and policies and practices relative to child care services within the State.

(E) COMPLIANCE WITH STATE AND LOCAL REGULATORY REQUIREMENTS.—Provide assurances that—

(i) all providers of child care services within the State for which assistance is provided under this subchapter comply with all licensing or regulatory requirements (including registration requirements) applicable under State and local law; and

(ii) providers within the State that are not required to be licensed or regulated under State or local law are required to be registered with the State prior to payment being made under this subchapter, in accordance with procedures designed to facilitate appropriate payment to such providers, and to permit the State to furnish information to such providers, including information on the availability of health and safety training, technical assistance, and any relevant information pertaining to regulatory requirements in the State, and that such providers shall be permitted to register with the State after selection by the parents of eligible children and before such payment is made.

This subparagraph shall not be construed to prohibit a State from imposing more stringent standards and licensing or regulatory requirements on child care providers within the State that provide services for which assistance is provided under this subchapter than the standards or requirements imposed on other child care providers in the State.

(F) ESTABLISHMENT OF [illegible]LTH A[illegible] SAFETY REQ[illegible]MENTS.—Provide assurances [illegible] are in effect within the State, under State or local law, requirements designed to protect the health and safety of children that are applicable to child care providers that provide services for which assistance is made available under this subchapter. Such requirements shall include—

(i) the prevention and control of infectious diseases (including immunization);

(ii) building and physical premises safety; and

(iii) minimum health and safety training appropriate to the provider setting.

Nothing in this subparagraph shall be construed to require the establishment of additional health and safety requirements for child care providers that are subject to health and safety requirements in the categories described in this subparagraph on the date of enactment of this subchapter under State or local law.

(G) COMPLIANCE WITH STATE AND LOCAL HEALTH AND SAFETY REQUIREMENTS.—Provide assurances that procedures are in effect to ensure that child care providers within the State that provide services for which assistance is provided under this subchapter comply with all applicable State or local health and safety requirements as described in subparagraph (F).

(H) REDUCTION IN STANDARDS.—Provide assurances that if the State reduces the level of standards applicable to child care services provided in the State on the date of enactment of this subchapter, the State shall inform the Secretary of the rationale for such reduction in the annual report of the State described in section 658K.

(I) REVIEW OF STATE LICENSING AND REGULATORY REQUIREMENTS.—Provide assurances that not later than 18 months after the date of the submission of the application under section 658E, the State will complete a full review of the law applicable to, and the licensing and regulatory requirements and policies of, each licensing agency that regulates child care services and programs in the State unless the State has reviewed such law, requirements, and policies in the 3-year period ending on the date of the enactment of this subchapter.

(J) SUPPLEMENTATION.—Provide assurances that funds received under this subchapter by the State will be used only to supplement, not to supplant, the amount of Federal, State, and local funds otherwise expended for the support of child care services and related programs in the State.

(3) USE OF BLOCK GRANT FUNDS.—

(A) GENERAL REQUIREMENT.—The State plan shall provide that the State will use the amounts provided to the State for each fiscal year under this subchapter as required under subparagraphs (B) and (C).

(B) CHILD CARE SERVICES.—Subject to the reservation contained in subparagraph (C), the State shall use amounts provided to the State for each fiscal year under this subchapter for—

(i) child care services, that meet the requirements of this subchapter, that are provided to eligible children in the State on a sliding fee scale basis using funding methods provided for in section 658E(c)(2)(A), with priority being given for services provided to children of families with very low family incomes (taking into consideration family size) and to children with special needs; and

(ii) activities designed to improve the availability and quality of child care.

(C) ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE AND TO INCREASE THE AVAILABILITY OF EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL CARE SERVICES.—The State shall reserve 25 percent of the amounts provided to the State for each fiscal year under this subchapter to carry out activities designed to improve the quality of child care (as described in section 658G) and to provide before- and after-school and early childhood development services (as described in section 658H).

(4) PAYMENT RATES.—

(A) IN GENERAL.—The State plan shall provide assurances that payment rates for the provision of child care services for which assistance is provided under this subchapter are sufficient to ensure equal access for eligible children to comparable child care services in the State or substate area that are provided to children whose parents are not eligible to receive assistance under this subchapter or for child care assistance under any other Federal or State programs. Such payment rates shall take into account the variations in the costs of providing child care in different settings and to children of different age groups, and the additional costs of providing child care for children with special needs.

(B) CONSTRUCTION.—Nothing in this paragraph shall be construed to create a private right of action.

(5) SLIDING FEE SCALE.—The State plan shall provide that the State will establish and periodically revise, by rule, a sliding fee scale that provides for cost sharing by the families that receive child care services for which assistance is provided under this subchapter.

(d) APPROVAL OF APPLICATION.—The Secretary shall approve an application that satisfies the requirements of this section.

(42 U.S.C. 9858c)

SEC. 658F. LIMITATIONS ON STATE ALLOTMENTS.

(a) NO ENTITLEMENT TO CONTRACT OR GRANT.—Nothing in this subchapter shall be construed—

(1) to entitle any child care provider or recipient of a child care certificate to any contract, grant or benefit; or

(2) to limit the right of any State to impose additional limitations or conditions on contracts or grants funded under this subchapter.

(b) CONSTRUCTION OF FACILI —

(1) IN GENERAL.—No funds made available under this subchapter shall be expended for the purchase or improvement of land, or for the purchase, construction, or permanent improvement (other than minor remodeling) of any building or facility.

(2) SECTARIAN AGENCY OR ORGANIZATION.—In the case of a sectarian agency or organization, no funds made available under this subchapter may be used for the purposes described in paragraph (1) except to the extent that renovation or repair is necessary to bring the facility of such agency or organization into compliance with health and safety requirements referred to in section 658E(c)(2)(F).

(42 U.S.C. 9858d)

SEC. 658G. ACTIVITIES TO IMPROVE THE QUALITY OF CHILD CARE.

A State that receives financial assistance under this subchapter shall use not less than 20 percent of the amounts reserved by such State under section 658E(c)(3)(C) for each fiscal year for one or more of the following:

(1) RESOURCE AND REFERRAL PROGRAMS.—Operating directly or providing financial assistance to private nonprofit organizations or public organizations (including units of general purpose local government) for the development, establishment, expansion, operation, and coordination of resource and referral programs specifically related to child care.

(2) GRANTS OR LOANS TO ASSIST IN MEETING STATE AND LOCAL STANDARDS.—Making grants or providing loans to child care providers to assist such providers in meeting applicable State and local child care standards.

(3) MONITORING OF COMPLIANCE WITH LICENSING AND REGULATORY REQUIREMENTS.—Improving the monitoring of compliance with, and enforcement of, State and local licensing and regulatory requirements (including registration requirements).

(4) TRAINING.—Providing training and technical assistance in areas appropriate to the provision of child care services, such as training in health and safety, nutrition, first aid, the recognition of communicable diseases, child abuse detection and prevention, and the care of children with special needs.

(5) COMPENSATION.—Improving salaries and other compensation paid to full- and part-time staff who provide child care services for which assistance is provided under this subchapter.

(42 U.S.C. 9858e)

SEC. 658H. EARLY CHILDHOOD DEVELOPMENT AND BEFORE- AND AFTER-SCHOOL SERVICES.

(a) IN GENERAL.—A State that receives financial assistance under this subchapter shall use not less than 75 percent of the amounts reserved by such State under section 658E(c)(3)(C) for each fiscal year to establish or expand and conduct, through the provision of grants or contracts, early childhood development or before- and after-school child care programs, or both.

(b) PROGRAM DESCRIPTION.—Programs that receive assistance under this section shall—

(1) in the [illegible] of early childhood development programs, consist of serv[illegible] are [illegible] intended to [illegible]ve as a substitute for a compulsory academic programs but that are intended to provide an environment that enhances the educational, social, cultural, emotional, and recreational development of children; and

(2) in the case of before- and after-school child care programs—

(A) be provided Monday through Friday, including school holidays and vacation periods other than legal public holidays, to children attending early childhood development programs, kindergarten, or elementary or secondary school classes during such times of the day and on such days that regular instructional services are not in session; and

(B) not be intended to extend or replace the regular academic program.

(c) PRIORITY FOR ASSISTANCE.—In awarding grants and contracts under this section, the State shall give the highest priority to geographic areas within the State that are eligible to receive grants under section 1006 of the Elementary and Secondary Education Act of 1965, and shall then give priority to—

(1) any other areas with concentrations of poverty; and

(2) any areas with very high or very low population densities.

(42 U.S.C. 9858f)

SEC. 658I. ADMINISTRATION AND ENFORCEMENT.

(a) ADMINISTRATION.—The Secretary shall—

(1) coordinate all activities of the Department of Health and Human Services relating to child care, and, to the maximum extent practicable, coordinate such activities with similar activities of other Federal entities;

(2) collect, publish and make available to the public a listing of State child care standards at least once every 3 years; and

(3) provide technical assistance to assist States to carry out this subchapter, including assistance on a reimbursable basis.

(b) ENFORCEMENT.—

(1) REVIEW OF COMPLIANCE WITH STATE PLAN.—The Secretary shall review and monitor State compliance with this subchapter and the plan approved under section 658E(c) for the State, and shall have the power to terminate payments to the State in accordance with paragraph (2).

(2) NONCOMPLIANCE.—

(A) IN GENERAL.—If the Secretary, after reasonable notice to a State and opportunity for a hearing, finds that—

(i) there has been a failure by the State to comply substantially with any provision or requirement set forth in the plan approved under section 658E(c) for the State; or

(ii) in the operation of any program for which assistance is provided under this subchapter there is a failure by the State to comply substantially with any provision of this subchapter;

Secretary shall notify the State of the finding and that no further payments may be made to such State under this subchapter (or, in the case of noncompliance in the operation of a program or activity, that no further payments to the State will be made with respect to such program or activity) until the Secretary is satisfied that there is no longer any such failure to comply or that the noncompliance will be promptly corrected.

(B) ADDITIONAL SANCTIONS.—In the case of a finding of noncompliance made pursuant to subparagraph (A), the Secretary may, in addition to imposing the sanctions described in such subparagraph, impose other appropriate sanctions, including recoupment of money improperly expended for purposes prohibited or not authorized by this subchapter, and disqualification from the receipt of financial assistance under this subchapter.

(C) NOTICE.—The notice required under subparagraph (A) shall include a specific identification of any additional sanction being imposed under subparagraph (B).

(3) ISSUANCE OF RULES.—The Secretary shall establish by rule procedures for—

(A) receiving, processing, and determining the validity of complaints concerning any failure of a State to comply with the State plan or any requirement of this subchapter; and

(B) imposing sanctions under this section.

(42 U.S.C. 9858g)

. 658J. PAYMENTS.

(a) IN GENERAL.—Subject to the availability of appropriations, a State that has an application approved by the Secretary under section 658E(d) shall be entitled to a payment under this section for each fiscal year in an amount equal to its allotment under sec. 658O for such fiscal year.

(b) METHOD OF PAYMENT.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary may make payments to a State in installments, and in advance or by way of reimbursement, with necessary adjustments on account of overpayments or underpayments, as the Secretary may determine.

(2) LIMITATION.—The Secretary may not make such payments in a manner that prevents the State from complying with the requirement specified in section 658E(c)(3).

(c) SPENDING OF FUNDS BY STATE.—Payments to a State from the allotment under section 658O for any fiscal year may be obligated by the State in that fiscal year or in the succeeding fiscal .[1]

(42 U.S.C. 9858h)

[1] Section 8(a) of Public Law 102–586 attempted to amend this subsection, but cannot be executed because it incorrectly cited the short title of this subchapter. The amendment appears as follows:

. 8. AMENDMENTS TO CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT.

(a) SPENDING OF FUNDS BY STATES.—Section 658J(c) of the Child Care and Development Block Act Amendments of (42 U.S.C. 9858h(c)) is amended—

(1) by striking "obligated" inserting "expended";

(2) by striking "succeeding fiscal inserting "succeeding 3 .

SEC. 658K. ANNUAL REPORT AND AUDITS.

(a) ANNUAL REPORT.—Not later than December 31, 1992, and annually thereafter, a State that receives assistance under this subchapter shall prepare and submit to the Secretary a report—

(1) specifying the uses for which the State expended funds specified under paragraph (3) of section 658E(c) and the amount of funds expended for such uses;

(2) containing available data on the manner in which the child care needs of families in the State are being fulfilled, including information concerning—

(A) the number of children being assisted with funds provided under this subchapter, and under other Federal child care and pre-school programs;

(B) the type and number of child care programs, child care providers, caregivers, and support personnel located in the State;

(C) salaries and other compensation paid to full- and part-time staff who provide child care services; and

(D) activities in the State to encourage public-private partnerships that promote business involvement in meeting child care needs;

(3) describing the extent to which the affordability and availability of child care services has increased;

(4) if applicable, describing, in either the first or second such report, the findings of the review of State licensing and regulatory requirements and policies described in section 658E(c), including a description of actions taken by the State in response to such reviews;

(5) containing an explanation of any State action, in accordance with section 658E, to reduce the level of child care standards in the State, if applicable; and

(6) describing the standards and health and safety requirements applicable to child care providers in the State, including a description of State efforts to improve the quality of child care;

during the period for which such report is required to be submitted.

(b) AUDITS.—

(1) REQUIREMENT.—A State shall, after the close of each program period covered by a[1] application approved under section 658E(d) audit its expenditures during such program period from amounts received under this subchapter.

(2) INDEPENDENT AUDITOR.—Audits under this subsection shall be conducted by an entity that is independent of any agency administering activities that receive assistance under this subchapter and be in accordance with generally accepted auditing principles.

(3) SUBMISSION.—Not later than 30 days after the completion of an audit under this subsection, the State shall submit a copy of the audit to the legislature of the State and to the Secretary.

[1] So in original. Should be "an".

(4) REPAYMENT OF AMOUNTS.—Each State shall repay to the United States any amounts determined through an audit under this subsection not to have been expended in accordance with this subchapter, or the Secretary may offset such amounts against any other amount to which the State is or may be entities[1] under this subchapter.

(42 U.S.C. 9858i)

SEC. 658L. REPORT BY SECRETARY.

Not later than July 31, 1993, and annually thereafter, the Secretary shall prepare and submit to the Committee on Education Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a report that contains a summary and analysis of the data and information provided to the Secretary in the State reports submitted under section 658K. report shall include an assessment, and where appropriate, recommendations for the Congress concerning efforts that should be undertaken to improve the access of the public to quality and affordable child care in the United States.

(42 U.S.C. 9858j)

658M. LIMITATIONS ON USE OF FINANCIAL ASSISTANCE FOR CERTAIN PURPOSES.

(a) SECTARIAN PURPOSES AND ACTIVITIES.—No financial assist- provided under this subchapter, pursuant to the choice of a parent under section 658E(c)(2)(A)(i)(I) or through any other grant or contract under the State plan, shall be expended for any sectar- purpose or activity, including sectarian worship or instruction.

(b) TUITION.—With regard to services provided to students enrolled in grades 1 through 12, no financial assistance provided under this subchapter shall be expended for—

(1) any services provided to such students during the regular school day;

(2) any services for which such students receive academic credit toward graduation; or

(3) any instructional services which supplant or duplicate the academic program of any public or private school.

(42 U.S.C. 9858k)

658N. NONDISCRIMINATION.

(a) RELIGIOUS NONDISCRIMINATION.—

(1) CONSTRUCTION.—

(A) IN GENERAL.—Except as provided in subparagraph (B), nothing in this section shall be construed to modify or affect the provisions of any other Federal law or regulation that relates to discrimination in employment on the basis of religion.

(B) EXCEPTION.—A sectarian organization may require that employees adhere to the religious tenets and teachings of such organization, and such organization may require that employees adhere to rules forbidding the use of drugs or alcohol.

(2) DISCRIMINATION AGAINST CHILD.—

[1] Error in original. Should strike "e[illegible]s" and insert "entitled".

(A) IN GENERAL.—A child care provider (other than a family child care provider) that receives assistance under this subchapter shall not discriminate against any child on the basis of religion in providing child care services.

(B) NON-FUNDED CHILD CARE SLOTS.—Nothing in this section shall prohibit a child care provider from selecting children for child care slots that are not funded directly with assistance provided under this subchapter because such children or their family members participate on a regular basis in other activities of the organization that owns or operates such provider.

(3) EMPLOYMENT IN GENERAL.—

(A) PROHIBITION.—A child care provider that receives assistance under this subchapter shall not discriminate in employment on the basis of the religion of the prospective employee if such employee's primary responsibility is or will be working directly with children in the provision of child care services.

(B) QUALIFIED APPLICANTS.—If two or more prospective employees are qualified for any position with a child care provider receiving assistance under this subchapter, nothing in this section shall prohibit such child care provider from employing a prospective employee who is already participating on a regular basis in other activities of the organization that owns or operates such provider.

(C) PRESENT EMPLOYEES.—This paragraph shall not apply to employees of child care providers receiving assistance under this subchapter if such employees are employed with the provider on the date of enactment of this subchapter.

(4) EMPLOYMENT AND ADMISSION PRACTICES.—Notwithstanding paragraphs (1)(B), (2), and (3), if assistance provided under this subchapter, and any other Federal or State program, amounts to 80 percent or more of the operating budget of a child care provider that receives such assistance, the Secretary shall not permit such provider to receive any further assistance under this subchapter unless the grant or contract relating to the financial assistance, or the employment and admissions policies of the provider, specifically provides that no person with responsibilities in the operation of the child care program, project, or activity of the provider will discriminate against any individual in employment, if such employee's primary responsibility is or will be working directly with children in the provision of child care, or admissions because of the religion of such individual.

(b) EFFECT ON STATE LAW.—Nothing in this subchapter shall be construed to supersede or modify any provision of a State constitution or State law that prohibits the expenditure of public funds in or by sectarian institutions, except that no provision of a State constitution or State law shall be construed to prohibit the expenditure in or by sectarian institutions of any Federal funds provided under this subchapter.

(42 U.S.C.

SEC. 658O. AMOUNTS RESERVED; ALLOTMENTS.

(a) AMOUNTS RESERVED.—

(1) TERRITORIES AND POSSESSIONS [1].—The Secretary shall reserve not to exceed one half of 1 percent of the amount appropriated under this subchapter in each fiscal year for payments to Guam, American Samoa, the Virgin Islands of the United States, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands to be allotted in accordance with their respective needs.

(2) INDIANS TRIBES.—The Secretary shall reserve not more than 3 percent of the amount appropriated under section 658B in each fiscal year for payments to Indian tribes and tribal organizations with applications approved under subsection (c).

(b) STATE ALLOTMENT.—

(1) GENERAL RULE.—From the amounts appropriated under section 658B for each fiscal year remaining after reservations under subsection (a), the Secretary shall allot to each State an amount equal to the sum of—

(A) an amount that bears the same ratio to 50 percent of such remainder as the product of the young child factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States; and

(B) an amount that bears the same ratio to 50 percent of such remainder as the product of the school lunch factor of the State and the allotment percentage of the State bears to the sum of the corresponding products for all States.

(2) YOUNG CHILD FACTOR.—The term "young child factor" means the ratio of the number of children in the State under 5 years of age to the number of such children in all States as provided by the most recent annual estimates of population in the States by the Census Bureau of the Department of Commerce.

(3) SCHOOL LUNCH FACTOR.—The term "school lunch factor" means the ratio of the number of children in the State who are receiving free or reduced price lunches under the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.) to the number of such children in all the States as determined annually by the Department of Agriculture.

(4) ALLOTMENT PERCENTAGE.—

(A) IN GENERAL.—The allotment percentage for a State is determined by dividing the per capita income of all individuals in the United States, by the per capita income of all individuals in the State.

(B) LIMITATIONS.—If an allotment percentage determined under subparagraph (A)—

(i) exceeds 1.2 percent, then the allotment percentage of that State shall be considered to be 1.2 percent; and

[1] So in original. Should be "POSSESSIONS".

(ii) is less than 0.8 percent, then the allotment percentage of the State shall be considered to be 0.8 percent.

(C) PER CAPITA INCOME.—For purposes of subparagraph (A), per capita income shall be—

(i) determined at 2-year intervals;

(ii) applied for the 2-year period beginning on October 1 of the first fiscal year beginning on the date such determination is made; and

(iii) equal to the average of the annual per capita incomes for the most recent period of 3 consecutive years for which satisfactory data are available from the Department of Commerce at the time such determination is made.

(c) PAYMENTS FOR THE BENEFIT OF INDIAN CHILDREN.—

(1) GENERAL AUTHORITY.—From amounts reserved under subsection (a)(2), the Secretary may make grants to or enter into contracts with Indian tribes or tribal organizations that submit applications under this section, for the planning and carrying out of programs or activities consistent with the purposes of this subchapter.

(2) APPLICATIONS AND REQUIREMENTS.—An application for a grant or contract under this section shall provide that:

(A) COORDINATION.—The applicant will coordinate, to the maximum extent feasible, with the lead agency in the State or States in which the applicant will carry out programs or activities under this section.

(B) SERVICES ON RESERVATIONS.—In the case of an applicant located in a State other than Alaska, California, or Oklahoma, programs and activities under this section will be carried out on the Indian reservation for the benefit of Indian children.

(C) REPORTS AND AUDITS.—The applicant will make such reports on, and conduct such audits of, programs and activities under a grant or contract under this section as the Secretary may require.

(3) CONSIDERATION OF SECRETARIAL APPROVAL.—In determining whether to approve an application for a grant or contract under this section, the Secretary shall take into consideration—

(A) the availability of child care services provided in accordance with this subchapter by the State or States in which the applicant proposes to carry out a program to provide child care services; and

(B) whether the applicant has the ability (including skills, personnel, resources, community support, and other necessary components) to satisfactorily carry out the proposed program or activity.

(4) THREE-YEAR LIMIT.—Grants or contracts under this section shall be for periods not to exceed 3 years.

(5) DUAL ELIGIBILITY OF INDIAN CHILDREN.—The awarding of a grant or contract under this section for programs or activities to be conducted in a State or States shall not affect the eligibility of y Indian child to receive services provi or to

participate in programs and activities carried our[1] under a grant to the State or States under this subchapter.

(d) DATA AND INFORMATION.—The Secretary shall obtain from each appropriate Federal agency, the most recent data and information necessary to determine the allotments provided for in subsection (b).

(e) REALLOTMENTS.—

(1) IN GENERAL.—Any portion of the allotment under subsection (b) to a State that the Secretary determines is not required to carry out a State plan approved under section 658E(d), in the period for which the allotment is made available, shall be reallotted by the Secretary to other States in proportion to the original allotments to the other States.

(2) LIMITATIONS.—

(A) REDUCTION.—The amount of any reallotment to which a State is entitled to under paragraph (1) shall be reduced to the extent that it exceeds the amount that the Secretary estimates will be used in the State to carry out a State plan approved under section 658E(d).

(B) REALLOTMENTS.—The amount of such reduction shall be similarly reallotted among States for which no reduction in an allotment or reallotment is required by this subsection.

(3) AMOUNTS REALLOTTED.—For purposes of any other section of this subchapter, any amount reallotted to a State under this subsection shall be considered to be part of the allotment made under subsection (b) to the State.

(f) DEFINITION.—For the purposes of this section, the term "State" includes only the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

(42 U.S.C. 9858m)

SEC. 658P. DEFINITIONS.

As used in this subchapter:

(1) CAREGIVER.—The term "caregiver" means an individual who provides a service directly to an eligible child on a person-to-person basis.

(2) CHILD CARE CERTIFICATE.—The term "child care certificate" means a certificate (that may be a check or other disbursement) that is issued by a State or local government under this subchapter directly to a parent who may use such certificate only as payment for child care services. Nothing in this subchapter shall preclude the use of such certificates for sectarian child care services if freely chosen by the parent. For purposes of this subchapter, child care certificates shall not be considered to be grants or contracts.

(3) ELEMENTARY SCHOOL.—The term "elementary school" means a day or residential school that provides elementary education, as determined under State law.

(4) ELIGIBLE CHILD.—The term "eligible child" means an individual—

(A) who is less than 13 years of age;

[1] So in original. Should be "out".

(B) whose family income does not exceed 75 percent of the State median income for a family of the same size; and

(C) who—

(i) resides with a parent or parents who are working or attending a job training or educational program; or

(ii) is receiving, or needs to receive, protective services and resides with a parent or parents not described in clause (i).

(5) ELIGIBLE CHILD CARE PROVIDER.—The term "eligible child care provider" means—

(A) a center-based child care provider, a group home child care provider, a family child care provider, or other provider of child care services for compensation that—

(i) is licensed, regulated, or registered under State law as described in section 658E(c)(2)(E); and

(ii) satisfies the State and local requirements, including those referred to in section 658E(c)(2)(F);

applicable to the child care services it provides; or

(B) a child care provider that is 18 years of age or older who provides child care services only to eligible children who are, by affinity or consanguinity, or by court decree, the grandchild, niece, or nephew of such provider, if such provider is registered and complies with any State requirements that govern child care provided by the relative involved.

(6) FAMILY CHILD CARE PROVIDER.—The term "family child care provider" means one individual who provides child care services for fewer than 24 hours per day, as the sole caregiver, and in a private residence.

(7) INDIAN TRIBE.—The term "Indian tribe" has the meaning given it in section 4(e) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(e)).

(8) LEAD AGENCY.—The term "lead agency" means the agency designated under section 658B(a).

(9) PARENT.—The term "parent" includes a legal guardian or other person standing in loco parentis.

(10) SECONDARY SCHOOL.—The term "secondary school" means a day or residential school which provides secondary education, as determined under State law.

(11) SECRETARY.—The term "Secretary" means the Secretary of Health and Human Services unless the context specifies otherwise.

(12) SLIDING FEE SCALE.—The term "sliding fee scale" means a system of cost sharing by a family based on income and size of the family.

(13) STATE.—The term "State" means any of the several States, the District of Columbia, the Virgin Islands of the United States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and[1] the Trust Territory of the Pacific Islands.

[1] So in original. Should strike "and" [illegible] "or".

(14) TRIBAL ORGANIZATION.—The term "tribal organization" has the meaning given it in section 4(l) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b(l)).

(42 U.S.C. 9858n)

SEC. 658Q. PARENTAL RIGHTS AND RESPONSIBILITIES.

Nothing in this subchapter shall be construed or applied in any manner to infringe on or usurp the moral and legal rights and responsibilities of parents or legal guardians.

(42 U.S.C. 9858o)

SEC. 658R. SEVERABILITY.

If any provision of this subchapter or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions of applications of this subchapter which can be given effect without regard to the invalid provision or application, and to this end the provisions of this subchapter shall be severable.

(42 U.S.C. 9858p)

[SEC. 658S.[2]]

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[2] Section 8(b) of Public Law 102–586 attempted to amend this subchapter, but cannot be executed because it incorrectly cited the short title of this subchapter. The amendment appears as follows:

SEC. 8. AMENDMENTS TO CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT.

* * * * * * *

(b) PAYMENTS EXCLUDED FROM INCOME.—The Child Care and Development Block Grant Act Amendments of 1992 (42 U.S.C. 9858a et seq.) is amended by adding at the end the following new section:

"SEC. 658S. MISCELLANEOUS PROVISIONS.

"Notwithstanding any other law, the value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under this subchapter shall not be treated as income for purposes of any other Federal or Federally-assisted program that bases eligibility, or the amount of benefits, on need.".

THE CLINTON ADMINISTRATION and CHILD CARE

Over the past two years the Administration has worked to ensure increased resources for child care, streamlined operations, increased technical assistance efforts, and provide more flexibility:

- The President's budget for the last two years included increases for child care. Our welfare reform package included funds to continue the child care guarantee for families moving towards self-sufficiency and an increase of $1.5 billion for working poor families.

- Last spring, ACF developed and published a Notice of Proposed Rule Making designed to remove barriers to coordination of child care services and to provide more flexibility to States.

- We streamlined federal child care by bringing together the operations of the four main child care programs administered by ACF into a Child Care Bureau.

- We have convened a Federal Child Care Partners Group to help bring comprehensive services into child care settings.

- We are working to stimulate partnerships between the health and child care communities to ensure safe and healthy environments for children in child care.

- We have launched a National Child Care Information Center to disseminate child care information, publications, and resources to grantees and the public.

- We convened the states to share promising practices around key issues such as: ensuring health and safety in child care, infant care and school age care.

- We are providing on-site technical assistance for grantees to improve program operations.

Creation of the Child Care Bureau

In January 1995, the Administration created the Child Care Bureau housed in the Administration on Children, Youth, and Families.

- The new Bureau represents **responsible streamlining** by consolidating all child care programs in a single administrative location.

- This allows for **more coordination** among the four programs. Ultimately this may be more cost effective, requiring a smaller staff that has more cross-cutting knowledge.

- The move is **in line with thinking in the Congress** about greater program coordination and possible consolidation.

- It allows a **more cohesive, two-generational approach** to child care, moving all our programs to a location where the needs of children -- our next generation in the national work force -- are given equal weight to the needs of parents to work towards self-sufficiency.

August 31, 19

Dear President Clinton,

Hello! Well, you don't know me, but I'm just your average citizen in Baltimore Md. You probably receive millions of letters per day. I do admire you for tackling this old world in this day and age. I wish you great success. Keep up the good work. I do hope that I'm not boring or disturbing you with such a small dilema but Mr President this is a serious one, and it happens to us working parents every day. I do further hope that you personally will read this letter and not some one who just reads it & tosses them daily!

Now for my problem. I was married for about 10 years. We had 1 child. We divorced. 4 years ago I met someone else. We were together 4 years & had 1 child. We were supposed to marry but I called it off due to his & ex wife problems with I.R.S. I file & pay taxes the right way. No problems. I've been employed since I was 13. I was raised you work for what you want same as you. My ex-fiance I caught in our home with another woman in our bedroom in front of our daughter. So I was forced to leave the home with children. I've been at present job 4 years. N U A in Essex. Good job. Since May I've been on my own with kids trying to put life together again. But I'm stuck with some of the bills. I await child custody & support hearing in Oct. My real problem is child care. My sitter just quit. I was paying $50.00 weekly for both. Now in searching for Day Care I find for 2 it will run about $500.00 per month. 1 is a todler 65.00 wk. The other is 7 before & after school only runs about $65-80 week for him. Sir I bring home $450.00 bi weekly. I cant afford this. But have to work. I tried to apply for daycare subsidy & was denied over the phone as it is a 15 month waiting period. The lady said the only way I would qualify is to be on SSI Project Indepence or a alcohol or substance abuser! This is totally unfair. I'm only asking for temporary help. Not the worl. My ex fiancee, currently refuses to offer any money as he needs it, him & the girl are getting married. He told my lawyer what she could do. ~~xxxx~~ you! She says wait till court is all I can do. Sir I need help now! My choice is day care or do we eat. It is that simple. We had to leave our home

So that man could bring that
low life in. We moved into
a run down apartment. Its not
perfect. Its not great neither
But, it was all I could afford
at this time. Could you please
find funds somewhere for
day care subsidy soon. I'm in
a real situation. Please help
I'm not the only one in this
dilema. If you can't find funds
can you move up my Court
date & enforce this man to
pay what is his rightful
payment for support. As he
should pay for welfare of child
I pay her insurance, clothes, food
shelter-rent, etc. attach
his salary or taxes. Cause there
are plenty of fathers out there
who refuse to help they push
children & responsibilities away
only to ~~start~~ start another & walk
away again. I do hope you
may help or can help. If any
one can get someone on the
ball you can. Also, the Gas &
Electric Co, I had promised to give
75.00 on bill, but when no
money coming in I told the lady
best is $15-25.00 she said
they would not accept it & they
are going to file collection.
Sir. I'm ready to go stir
crazy. The more I try the
worst it gets. I was informed
that if you offer money
towards Bill they are suppose

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. letter	Letter to President Clinton re: child care (partial) (1 page)	08/31	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Gaynor McCown (Subject Files)
OA/Box Number: 7331

FOLDER TITLE:

[Child Care] [Binder] [2]

2011-0255-S
rc178

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

to take it! If you can
help please respond. I
know you have lots of
burdens but mine is small
Compared to the world. I do
have ideas that maybe
if you ever had time
I would like to explain
in references to non paying
support parents, drug dealers
& balance our budget & get
homeless off the streets by
way of slum lords, and
abandoned buildings etc.
Maybe, my ideas may help.

I will await to hear
from you. Again I'd appreciate
any help you may give.
Again Keep up the good
work

Thank you
God Bless you
& your family
including Socks

[redacted]
P6/(b)(6)

[001a]

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001b. letter	Letter to President Clinton re: child care (partial, page 1 and 4) (2 pages)	n.d.	P6/b(6)

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Gaynor McCown (Subject Files)
OA/Box Number: 7331

FOLDER TITLE:
[Child Care] [Binder] [2]

2011-0255-S
rc178

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ACF

To whom it May Concern:

[001b]

My Name is P6/(b)(6) I'am trying Very hard not to be just whether Black Statistic.

I'am Single Parent trying to keep a roof over my head and my son P6/(b)(6) head, food on the table and Clothes on our backs.

I Work every Day I Work full and Part time just to make ends meet.

I have been on Welfare, but I'am no longer on it and I pray to God that I Wont have to get on it again, But I thank God for Welfare because it helped us.

What I'am Writing for; I'am in need for Child Care Assitance, The only assitance that is available, is for people on Welfare. I need night Care for when I'am Working and hopefully for School, I Will have to Attend College At night And Work

in the day and on the Weekends.
I have Spoken to a Variety of People, Seeking help for Child Care
No Such Luck.....
There is Program Called Peach, but I don't qualify for it because I'am not on Welfare.
There's Another Program Called C.a.p.s. I qualify for it, but the Caps Program have ran out of money.
To name a few People I have Spoken to trying to resolve my Problem.

1. Family & Children Services - (peach) Mrs. Gold
2. Family Support Unit - Dee Woodard
3. President of C.a.p.s. - Dorothy Sampson
4. Governor Zell Miller - Secretary
5. State Director - Ann Plant
6. Scholarship & Federal Aide - Dekalb College
7. Child Care Solutions - Dana
8. Subsdise Child Care -
9. Agency Liaison Hardship Cases

Seems Like there's quite a

bit of help for people on Welfare. What about the people that's Not on Welfare.

You Want People off of Welfare you have to Provide Some type of Assitance When you make Five or Six dollars an hour, then you have to pay rent 435.00, lights gas, phone, food, Clothes, Miscellaneous it just Not enough Money for Child Care or Activities for your Child, And people Want to know Why Crime is up. Parent or parents Don't have enough money to put there kids in programs and Activities so they find things to do, legal or illegal.

I am trying to go to school to better myself and my family my Mother need my help, she lives in a one room motel With my two Sister She Can't save up enough money to get an house or apartment, she Work every day it's just not enough money to go around.

Please help.

Some time I Wonder Would we be better off on Welfare and Living in the Projects.

I don't Want to even think like that, we my be down but we are not out.

If you Could help it would be greatly Appreciated

Thank you

Sincerely

P6/(b)(6) P6/(b)(6)

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002a. letter	Glenda Rink to President Clinton (2 pages)	07/15/1994	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Gaynor McCown (Subject Files)
OA/Box Number: 7331

FOLDER TITLE:

[Child Care] [Binder] [2]

2011-0255-S
rc178

RESTRICTION CODES

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RR. Document will be reviewed upon request.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002b. letter	Barbara Wiedemann to President Clinton (1 page)	n.d.	P6/b(6)

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Gaynor McCown (Subject Files)
OA/Box Number: 7331

FOLDER TITLE:
[Child Care] [Binder] [2]

2011-0255-S
rc178

RESTRICTION CODES

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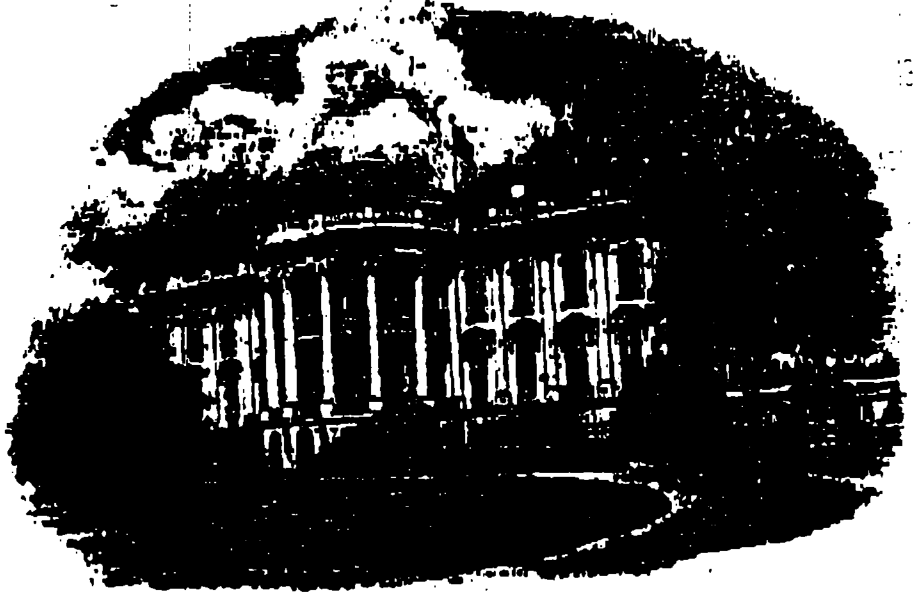
URGENT

THE EXECUTIVE OFFICE OF THE PRESIDENT
THE WHITE HOUSE
WASHINGTON

RECEIVED
1995 JAN 27 [illegible] 2:52



Date 1/27/95

From Helen Safanopoulos

Number of pages including cover 2

Fax number 401-5770 Phone Number

To: Lois James

With ACF

Regarding our conversation

Comments I want to be kept informed on this case; a follow-up call would be appreciated. Thanks.

The attached correspondence received in the White House is faxed to your office for handling. Please return the fax with a copy of your written response or telephone report to the following address:

Ms. Sue J. Smith
Director, Office of Agency Liaison
Room 6, OEOB
The White House
Washington, D.C. 20500

Telephone No.: 202/456-7486
Fax No.: 202-456-2993

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. form	Hardship cases caller form (partial) (1 page)	01/27/1995	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Gaynor McCown (Subject Files)
OA/Box Number: 7331

FOLDER TITLE:

[Child Care] [Binder] [2]

2011-0255-S
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Hardship Cases

White House Comment Line:	Volunteer's Name:

Caller Information

Name of Caller: P6/(b)(6)	Caller's Telephone numbers: (with area code) P6/(b)(6)
Calling on behalf of whom:	

[003]

Name and Address of Person with the Problem

Street: (Apt. # if applicable) P6/(b)(6) P6/(b)(6)		
City: P6/(b)(6)	P6/(b)(6)	Zip Code: P6/(b)(6)
Home Telephone: (please give area code) P6/(b)(6)	Work Telephone: (please give area code)	
Date of Birth: P6/(b)(6)	Social Security Number: P6/(b)(6)	Date of Call: (month/day/year) 1/27/95

Nature of Problem

- [ ] Social Security
- [ ] Prisons
- [ ] Seniors
- [ ] Utilities
- [ ] Veterans
- [ ] Immigration
- [ ] ~~Military~~
- [x] Federal Grants
- [ ] Housing
- [ ] Medicare
- [ ] Unemployment
- [ ] Consumer Affairs
- [x] Children
- [ ] Medicaid
- [ ] IRS
- [ ] Social Services

Why is this urgent: Starting a job next week (full-time) Is not able to afford daycare for her three children. She desperately wants to work & fears she will lose this job if she can not find a solution. She needs help for after school day-care for 3-hours (approx.)

What action would the caller want: on welfare for 10 years; got job starts Monday can't afford daycare afraid she will have to leave job if she can't get her children in daycare. Wants help to find a solution

GAIN program

State program:
Greater Avenues for Independence Child-Care Development (GAIN) on list for Federal Block Program (helps pay for child care)

~~204~~ ~~54~~
~~5~~

→ if she was able to get the assistance from the Federal Block Program it would enable her to afford daycare; she has been on the list for a year and has been given no idea of how much longer she could be on the list.

Child Care Bulletin

ACF Focuses on Health and Safety

The Administration for Children and Families (ACF) is spearheading an initiative within the Department of Health and Human Services to promote health and safety in child care. This is an outgrowth of ACF's child care goals, which center on strengthening partnerships with state, territorial and tribal grantees in order to improve services to children and families. The goals emphasize coordination across funding sources to streamline child care operations, increase efficiency, and promote high quality comprehensive services.

The health and safety initiative is based on a twofold premise. First, greater attention needs to be paid to health and safety issues in child care programs. Second, child care settings provide opportunities to promote the health of children. Arrangements can be made to ensure that children are fully immunized and that eligible families have access to Medicaid and WIC (Supplemental Food Program for Women, Infants and Children) benefits.

ACF key activities include the implementation of a new inter-agency agreement with the Maternal and Child Health Bureau (MCHB) to sponsor a national forum on health and safety in child care and to conduct further analysis of state and tribal health and safety standards. The National Symposium on Health and Safety in Child Care, planned for the spring of 1995, will bring together experts from the public and private sectors to discuss child care health and safety issues and practices. The analysis of child care standards will compare state and tribal standards and Child Care and Development Block Grant (CCDBG) health and safety requirements to recommendations developed by the American Public Health Association (APHA) and the American Academy of Pediatrics.

Health and safety were showcased at the National Child Care Conference, sponsored by ACF, held in Washington, DC in October. The conference included sessions focused on violence prevention, nutrition in child care programs, immunizations, health and child care collaborations, and mental health services.

ACF also plans to conduct 10 regional forums across the country for states, territories and tribes. The goal of these meetings will be to focus on health and safety issues and to forge new partnerships with other federal agencies. ACF child care staff have been working with the Centers for Disease Control (CDC) to develop a five year plan for child care health and safety. They have also been working closely with the Administration on Developmental Disabilities (ADD) to stimulate support for integrating children with special needs into child care. Finally, efforts are underway to promote new linkages between ACF and the Health Care Financing Administration (HCFA) around Medicaid outreach to eligible children served in child care.

Please send information on promising health and safety initiatives related to child care to the National Resource Center for Health and Safety in Child Care (703-524-7802).

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Health and Safety

U.S. Department of Health and Human Services
Administration for Children and Families
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CRS Issue Brief

Child Care in the 104th Congress: Issues and Legislation

Updated January 6, 1995

by
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Education and Public Welfare Division

Congressional Research Service • The Library of Congress

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Child Care in the 104th Congress: Issues and Legislation

SUMMARY

Child care issues are likely to be considered during the 104th Congress for several reasons. First, the Child Care and Development Block Grant (CCDBG) and related programs are scheduled to expire at the end of FY1995, and reauthorization proposals are likely. Second, welfare reform tops the domestic agenda for both Congress and the Administration, and child care is generally considered critical in efforts to promote self-sufficiency for welfare families. Finally, the 104th Congress is likely to consider proposals to streamline, coordinate and possibly consolidate various human service programs into block grants to the States, and child care is expected to be included in these proposals.

In general, child care services provide custodial care for children to enable their parents to work or participate in school or training, and may also provide education or developmental activities for young children. The Federal Government provides significant Federal funding for child care through a variety of programs. In addition, funds for child care are sometimes included in programs with very different purposes (such as the Job Training Partnership Act or Community Development Block Grants), making it difficult to identify and categorize all sources of Federal funds that can be used for child care. The single largest source of Federal support for child care is actually provided under the tax code through the child and dependent care tax credit.

Of the major Federal child care programs, four are relatively new and will likely be the main focus of child care discussions in the 104th Congress. These include child care for families receiving Aid to Families with Dependent Children (AFDC) and Transitional Child Care for families leaving AFDC, which were created as part of a welfare reform initiative in 1988, and two programs for low-income working families, the CCDBG and At-Risk Child Care, which were created in 1990. Estimated Federal spending for these four programs in FY1995 is $1.9 billion.

Since 1990, concern has developed that too many Federal child care programs now exist, with inconsistent and uncoordinated eligibility rules and other requirements that interfere with service delivery and cause children and families to experience disruptions in their day care arrangement. In addition, despite significantly increased Federal spending for child care, concern persists that the Nation's supply of high quality child care is inadequate to meet the need. Reauthorization proposals are likely to address these concerns.

In its welfare reform proposal submitted during the 103rd Congress, the Administration would maintain existing child care programs under AFDC, make them more consistent with the CCDBG, and increase funding for AFDC-related child care by an estimated $5.5 billion between FY1996 and FY1999. The House Republican Contract with America also would maintain existing AFDC child care programs, but would end their entitlement status and place a cap on spending growth. The Republican leadership also has indicated interest in consolidating various human services programs, possibly including child care, into broad block grants to the States.

MOST RECENT DEVELOPMENTS

The House Republican leadership of the 104th Congress has pledged to bring to the House floor and vote on 10 pieces of legislation contained in the Contract with America within the first 100 days of Congress. One of these measures is the Personal Responsibility Act, a welfare reform proposal that would, among other things, eliminate the entitlement status of child care for welfare recipients and place a cap on spending growth for these programs. The Act was introduced on Jan. 4, 1995, as H.R. 4, and five days of hearings are scheduled throughout January in the House Ways and Means Subcommittee on Human Resources. The Clinton Administration proposed welfare reform legislation last year that would significantly increase spending for these programs. The 104th Congress also is likely to consider reauthorization of the Child Care and Development Block Grant, and may consider proposals to consolidate Federal child care programs into a block grant to States.

BACKGROUND AND ANALYSIS

Child care issues are likely to be considered during the 104th Congress for several reasons. First, the Child Care and Development Block Grant and several related programs are scheduled to expire at the end of FY1995, and reauthorization proposals are likely. Second, welfare reform is at the top of the domestic agenda for both Congress and the Administration, and child care is generally considered critical in efforts to promote economic self-sufficiency for welfare families. Finally, the 104th Congress is likely to consider proposals to streamline, coordinate and possibly consolidate various human service programs into block grants to the States, and child care is expected to be included in these proposals.

This issue brief identifies existing child care programs, and discusses issues and proposals in the three contexts mentioned above: reauthorization of existing programs; child care as a component of welfare reform; and consolidation and block grant proposals. The shift to a Republican-led Congress is likely to affect the debate that might otherwise occur on program reauthorization and increase the emphasis placed on consolidation and block grants. However, many issues overlap and could be raised in any of these contexts. Legislation and additional readings are listed at the end of this issue brief.

Existing Federal Child Care Programs

In general, child care services provide custodial care for children to enable their parents to work or participate in school or training, and may also provide early childhood education or developmental activities for young children. The Federal Government provides significant Federal funding for child care through a variety of programs, of which several support or provide child care as their primary or exclusive goal.

In addition to programs that were specifically created to support child care services, funds for child care are sometimes included in programs with very different purposes, making it difficult to identify and categorize all sources of Federal funds that can be used for child care. An example of this last category is the Job Training Partnership Act, which provides training for disadvantaged and dislocated workers but allows a portion of funds to be used for child care to enable workers to participate in training. Another example is Community Development Block Grants, which support community and economic development activities to benefit low- and moderate-income people, but allow limited use of funds for public services such as child care. Further, certain education programs provide developmental and educational services to preschool-aged children, which can include some limited child care (e.g., Title I of the Elementary and Secondary Education Act, Even Start, the Individuals with Disabilities Education Act).

The single largest source of Federal support for child care is provided under the tax code through the child and dependent care tax credit, which is a non-refundable tax credit for up to 30% of a limited amount of employment-related child care expenses on behalf of children under age 13 (or an incapacitated dependent or spouse). The maximum credit is $720 for one child, and $1,440 for two or more children. In FY1995, the estimated revenue loss associated with the credit is $2.8 billion. (This issue brief does not further discuss tax proposals.)

Of the major Federal child care programs, four are relatively new and will likely be the main focus of child care discussions in the 104th Congress. These include child care for families receiving Aid to Families with Dependent Children (AFDC) and Transitional Child Care for families leaving AFDC because of increased earnings, which were created as part of a welfare reform initiative in the Family Support Act of 1988 (P.L. 100-485), and two programs for low-income working families, the Child Care and Development Block Grant and At-Risk Child Care, which were created under the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508). Total Federal spending for these four programs is an estimated $1.9 billion in FY1995. Issues affecting these programs and potential legislative changes are discussed in later sections of this issue brief.

The following briefly describes selected Federal programs that most directly support child care. Unless otherwise noted, these programs are administered by the Department of Health and Human Services (HHS).

The **Child Care and Development Block Grant (CCDBG)** authorizes grants to States for child care activities, including services for school-aged children and activities to improve the quality of care. States may subsidize the child care costs of low-income families (income at or below 75% of State median) in which both parents or a single parent is working or attending school or job training. Child care providers receiving assistance must meet all applicable State and local licensing and regulatory requirements, and health and safety standards. Providers that are exempt from State or local licensing or regulation must register with the State to receive funding. Allocations to States require no match and are based on State population of low-income children and per capita income. The CCDBG is scheduled to expire at the end of FY1995; appropriations are $935 million in FY1995.

Child Care for Recipients of AFDC is permanently authorized under Title IV-A of the Social Security Act. Federal law requires States to "guarantee" child care to AFDC recipients who need such care to work or participate in education or training. State welfare agencies may provide services directly, arrange for child care with providers through contracts or vouchers, provide cash or vouchers in advance to families, reimburse families for amounts spent, or use other arrangements. States also may disregard certain child care expenses (up to $175 per month for children age 2 and older; up to $200 per month for children under 2) from a family's earned income when calculating the family's AFDC eligibility and benefit level. Child care must meet applicable State and local standards, and center-based care must meet State and local health and safety standards. Funds are provided to States on an open-ended entitlement basis, and are matched at the same Federal matching rate used in Medicaid (varies between 50% and 79%; based on State per capita income). In FY1995, $555 million was appropriated for the Federal share of AFDC Child Care.

Transitional Child Care for up to one year after leaving AFDC is available for families that become ineligible for AFDC because of increased earnings, but who need child care to remain employed. The program operates under the same rules as AFDC Child Care described above, except that families must contribute to the cost of care in accordance with a sliding fee schedule established by the State. Transitional Child Care is permanently authorized under Title IV-A of the Social Security Act. Funds are provided to States on an open-ended entitlement basis, subject to the Medicaid matching rate. The Federal share of Transitional Child Care is funded at $156 million in FY1995.

Also permanently authorized under Title IV-A of the Social Security Act is child care for low-income families who need such care to work and are *at-risk of becoming dependent* on AFDC. This program, known as **At-Risk Child Care**, is a capped entitlement to States subject to the Medicaid matching rate. The current annual cap, and FY1995 appropriation, is $300 million. State allotments are based on a State's relative number of children under age 13. Families must contribute to the cost of child care according to a State-established sliding fee schedule, and providers must meet applicable State and local standards; providers exempt from such standards must be registered with the State.

The largest source of direct Federal support for child care is the **Child and Adult Care Food Program**, an open-ended entitlement administered by the Department of Agriculture. This program is permanently authorized under the National School Lunch Act of 1946, and provides Federal funds, and in some cases commodities, for meals and snacks served to children in licensed child care centers, family and group day care homes, and Head Start centers. Children under age 12, migrant children under age 15, and handicapped children of any age may participate, although most of the children served are preschoolers. Eligible providers are public and private nonprofits; for-profit providers may participate if at least 25% of the children in their care receive support from the Social Services Block Grant. Funds are provided in accordance with inflation-adjusted reimbursement rates that vary with the type of meal or snack served and the family income of the participating child. Although adult day care centers may participate, more than 98% of expenditures are for children. FY1995 appropriations are $1.6 billion.

State Dependent Care Planning and Development Grants provide matching grants (75% Federal matching rate) to States for before- and after-school child care programs for school-aged children, and resource and referral programs that provide information on dependent care services, including services for the elderly. States must use 60% of their grants for programs that target school-aged children in low-income families, and 40% for resource and referral services, although these percentages may be waived by the Secretary. Child care providers must meet applicable State and local licensing and regulatory requirements. This program is scheduled to expire at the end of FY1995; Federal funding in FY1995 is $13 million.

Child Development Associate (CDA) Credential Scholarships for eligible candidates are supported by Federal grants to States. This credential is awarded by the Council for Early Childhood Professional Recognition to child care workers who have demonstrated their child development skills through training and experience. Scholarships are available to individuals whose income does not exceed 130% of the Lower Living Standard by more than 50%, and cover the cost of the CDA application, assessment and credentialing. State allocations are based on total State population and no match is required. This program is authorized through FY1995 and is funded at $1 million in FY1995.

Although not specifically a child care program, a significant source of Federal funding for child care is the **Social Services Block Grant (SSBG)**, which is a capped entitlement to States under Title XX of the Social Security Act and provides flexible funds for a variety of services. Data on the use of SSBG funds are limited. However, HHS reports that in FY1991, 47 States used some portion of their SSBG allotment for child care. Of 23 States responding to a voluntary survey on SSBG expenditures in FY1990, 20 reported spending money on child care, accounting for about 16% of their total social services expenditures in that year. Child care providers receiving SSBG funds must meet applicable State and local standards. SSBG allocations to States are based on total State population, and require no match. The current expenditure cap, and FY1995 appropriation, is $2.8 billion.

Head Start is sometimes characterized as a child care program, although its part-time nature does not generally meet the needs of full-time working parents. Head Start is an early childhood education program, providing primarily part-day services during the school year to low-income preschool children. However, some grantees coordinate with other programs to provide all-day care. Head Start is intended to provide comprehensive services to eligible children and requires extensive parental involvement. Concerns raised in recent years about Head Start include the changing needs of families served by the program, such as the need for full-time child care while parents work or participate in school or training. Recent amendments include the need for full-day, full-year services as a criterion for the Secretary to consider in awarding Head Start expansion funds. Head Start funds are awarded directly to local grantees according to a formula based on numbers of welfare children and poor children under age 6. A 20% non-Federal match is generally required. Head Start is authorized through FY1998, and is funded at $3.5 billion in FY1995.

Finally, several child welfare programs allow use of funds for child care services although their primary purpose is care and protection of abused, neglected or otherwise vulnerable children. These programs, and their authorization status and FY1995 funding levels, include: **Child Welfare Services**, permanently authorized, $292 million; **Family Preservation and Family Support Services**, authorized through FY1998, $150 million; **Abandoned Infants Assistance**, authorized through FY1995, $14 million: **Temporary Child Care for Children with Disabilities and Crisis Nurseries**, authorized through FY1995, $12 million; and **Community-Based Family Resource Centers**, authorized through FY1995, $31 million.

Reauthorization of Existing Programs

Prior to 1988, there were few Federal programs that supported child care narrowly defined as their exclusive or primary purpose, with the exceptions of the Child and Adult Care Food Program and the child and dependent care tax credit. Between 1988 and 1990, however, four significant Federal programs were enacted to help promote and maintain economic self-sufficiency for welfare recipients and low-income working families by providing child care for their children. Of these four programs, three are permanently authorized under Title IV of the Social Security Act, which authorizes AFDC, but the CCDBG is authorized only through FY1995. As listed above, several small discretionary programs also are scheduled to expire at the end of FY1995.

The lengthy and contentious debate that preceded enactment of the CCDBG and At-Risk Child Care in 1990 centered on such questions as what type of Federal subsidies should be available for child care; who should be eligible to receive subsidized child care; should the Federal Government establish national child care standards; should religious child care providers be allowed to receive Federal funds; and how should parents be assured of choice in their child care arrangements. These issues continued to be debated within Congress and the Bush Administration during the process of developing regulations for the 1990 legislation.

Since 1990, concern has developed that too many Federal child care programs now exist, with inconsistent and uncoordinated eligibility rules and other requirements that interfere with the smooth delivery of services and cause children and families to experience disruptions in their day care arrangement. In addition, despite significantly increased Federal spending for child care, concern persists that the Nation's supply of high quality child care is inadequate to meet the need.

Although formal legislation was not submitted last year, the Administration's FY1995 budget proposal called for consolidation of several small child care programs into the CCDBG. Specifically, State Dependent Care Planning and Development Grants, Temporary Child Care and Crisis Nurseries, and CDA Scholarships would have been eliminated and funding for the CCDBG would have been increased. HHS budget documents stated that the proposal was intended to "provide States with a single source of funding for these complementary activities, increase the efficiency of the Federal grants process, and reduce the number of discretionary programs." No action was taken on this proposal during the 103rd Congress.

The Clinton Administration has also attempted to promote coordination among Federal programs and eliminate barriers to high quality care by proposing new regulations, in the May 11, 1994, *Federal Register*, that would affect the CCDBG and AFDC-related child care programs. Final regulations have not yet been issued. However, the proposed regulations are consistent in philosophy, and in some cases similar, to child care provisions in the Administration's welfare reform proposal (described later), and could possibly also appear in proposals to reauthorize the CCDBG. Given the interest within the Administration and among child care observers in creating a "seamless" delivery system, it is likely that CCDBG reauthorization proposals could also include amendments to the AFDC-related child care programs, and could possibly include some program consolidations.

To promote uniformity and give States an incentive to improve quality, the proposed regulations would eliminate a current CCDBG rule (which does not exist under AFDC-related child care) that limits payment differentials between different categories of care to no more than 10%. Likewise, the proposal would establish uniform rules for in-home child care under the CCDBG and AFDC-related programs, and provide greater flexibility to States in providing such care. The rule would eliminate the "effects test" that currently applies to CCDBG but not AFDC, which prohibits States from adopting procedures or requirements, including health and safety standards, that could have the effect of limiting parental access to a category or type of child care or provider. The proposal also would amend existing AFDC and Transitional Child Care rules regarding determinations of mental or physical incapacity in children over 13, to make them consistent with rules for At-Risk Child Care and the CCDBG and to allow States greater flexibility in making these determinations.

Other proposed rule changes would establish, under all three AFDC-related programs, that child care could continue for one month for a child whose parent became unemployed but was engaged in job search. To allow smoother movement from AFDC Child Care to Transitional Child Care and prevent gaps in service, the rules also would allow States to provide Transitional Child Care without the family having to formally request such care. Other proposals intended to improve the quality of services would allow States to pay higher rates for "higher quality" care, as defined by the State, and would allow States to use a greater proportion of CCDBG funds for activities to improve availability and quality of services. The rules also would require that children in CCDBG-funded child care be immunized. In its preamble to the proposed regulations, HHS states that there is no statutory basis to require immunization for children in AFDC-related child care, but "strongly encourages" States to adopt this provision. As discussed later, the Administration's welfare reform proposal would amend the AFDC statute to require immunization for children in AFDC-related child care.

Child Care as a Component of Welfare Reform

Both President Clinton and the Republican leadership have placed welfare reform at the top of their domestic agenda for the 104th Congress. As of now, the Clinton Administration's position on welfare reform is embodied in its proposal of the 103rd Congress, the Work and Responsibility Act of 1994 (H.R. 4605/S. 2224). However, the Administration has announced plans for a bipartisan conference on welfare reform in January with Members of Congress, governors and mayors. The House leadership's position is represented by the Personal Responsibility Act in the Contract with America, which was introduced on Jan. 4, 1995, as H.R. 4, although revisions to this legislation are likely. Each takes a very different approach to welfare reform; however, the intended outcomes of both measures include shorter stays on AFDC, greater participation in education and training programs, and some form of subsidized work for recipients who fail to obtain a private sector job after a limited time period. The House Ways and Means Subcommittee on Human Resources has scheduled five days of hearings on welfare reform during January.

Specifically with regard to the child care component of welfare reform, the Administration proposes to maintain existing child care programs under AFDC, make them more consistent with the CCDBG, and significantly increase funding. The Congressional Budget Office (CBO) estimates that the Administration bill would increase Federal spending for child care by almost $5.5 billion between FYs 1996 and 1999. The Personal Responsibility Act also would maintain existing AFDC child care programs, but would end their entitlement status and place a cap on spending growth.

In addition to these two measures, numerous welfare reform proposals are expected to be offered in the 104th Congress; some two dozen were introduced in the 103rd Congress. Child care issues likely to be raised include the adequacy of child care resources for AFDC recipients if participation requirements in education, work or training programs are made more stringent. The General Accounting Office (GAO) reported in May 1994 that only about 6% of AFDC recipients, and about 30% of JOBS participants, actually receive subsidized child care. States assert that matching requirements under the AFDC child care programs make it difficult for some to claim all the AFDC child care funds to which they are entitled. On the other hand, if States are required to provide child care services to welfare recipients who are attempting to become self-sufficient, fewer resources may be available for low-income working families who have no connection with the welfare system. In fact, GAO found that some States already are using their CCDBG funds, which are intended for the working poor, to provide child care for welfare recipients and that long waiting lists exist in some States for low-income working families to receive subsidized child care.

Additional issues include the same child care concerns that could be raised in connection with program reauthorization, such as coordination of programs and quality of services. Quality issues could become increasingly significant if welfare reform proposals would result in a greater number of children, especially younger children, being placed in child care because their parents are required to enroll in education, training or work programs to receive AFDC benefits further.

The following is a more detailed description of the child care provisions in the Administration bill and the Personal Responsibility Act. For a broader discussion of welfare reform in the 104th Congress, see *Time-Limited Welfare Proposals*, CRS Issue Brief IB93034.

Administration Proposal. As introduced in the 103rd Congress, the Work and Responsibility Act would limit the amount of time certain individuals could receive cash benefits under AFDC without working. Specifically, adult recipients who were born after 1971 and have no child under age 1 would be allowed to receive AFDC for 2 years, during which time they would participate in education or training under the Job Opportunities and Basic Skills (JOBS) program. For recipients still jobless at the end of this 2-year period, States would be required to establish an employment program called WORK. Participants in WORK would be paid for hours worked--an average of between 15 and 35 hours per week--and could receive a supplement if necessary to maintain the same level of income as under AFDC.

As described earlier, current law requires States to guarantee child care for AFDC recipients who need such care to participate in education or training. The Clinton bill would expand the population required to participate in education and training (by lowering the age of a recipient's youngest child from 3 years to 1 year), and would extend the child care guarantee to participants in the WORK program. The Administration bill would increase the Federal matching rate for AFDC Child Care, Transitional Child Care, and At-Risk Child Care from the existing Medicaid rate to an "enhanced" Medicaid rate that could be no lower than 65% in FY1996 and would gradually rise to a minimum of 70% in FY2000. The proposal also would gradually increase the entitlement cap for At-Risk Child Care from its current level of $300 million to $600 million in FY1997, $1 billion in FY1999, and $1.3 billion by FY2004.

In addition to expanding resources for AFDC-related child care, the Administration's bill contains provisions intended to make existing Federal child care programs more consistent. For example, the State welfare agency would be allowed to contract with the State's lead agency under the CCDBG for administration of AFDC-related child care. Regardless of which agency administers the programs, CCDBG health and safety standards and other requirements, including a common sliding fee schedule, would be made applicable to AFDC-related child care. States would be allowed to continue children in subsidized child care during temporary interruptions in a parent's employment. States also would be required to offer working AFDC families a choice of the earnings disregard, including a supplement to the disregard if actual costs exceed the disregard amount, or direct payment for child care. Thus, working AFDC recipients could receive the same level and type of child care benefit as provided to AFDC recipients attending education or training under JOBS, or recipients of Transitional Child Care and At-Risk Child Care.

Other provisions in the Administration's proposal would require States to assure that all children in AFDC-related child care programs are immunized and that no child has access to toxic or illegal substances or weapons in a child care setting. States would be prohibited from lowering their statewide child care payment levels from those in effect on Jan. 1, 1994, and would be required to periodically revise their sliding fee schedules. States would be allowed to claim reimbursement for licensing and monitoring activities as administrative expenses, subject to a $15 million annual cap, and 10% of At-Risk Child Care funds could be used to improve the quality of child care services (as described under the CCDBG) and to increase the supply of child care for infants and very young children in low-income communities.

According to CBO's preliminary staff estimate released in December 1994, Federal outlays would increase by slightly more than $3.8 billion during FYs 1996 through 1999 for child care costs associated with the Administration's proposed expansion of JOBS and creation of the new WORK program. (This amount includes $275 million in increased spending under the Child Care Food Program.) Proposed increases in the At-Risk Child Care entitlement ceiling would cause additional spending for that program of more than $1.3 billion during FYs 1996 through 1999. CBO estimates remaining child care costs during FYs 1996 through 1999 would be $325 million, including $45 million under Medicaid for childhood immunizations. The total price tag, therefore, of the Administration's child care provisions would be an estimated $5.5 billion in outlays during FYs 1996 through 1999. CBO estimates the cost of the Administration's entire welfare reform package, including the child care provisions, to be almost $11.8 billion.

Contract with America Proposal. The Personal Responsibility Act (H.R. 4) in the House Republican Contract with America would deny AFDC benefits to certain categories of recipients (children born out-of-wedlock to young mothers, subsequent children of mothers already receiving AFDC on behalf of another child, and children for whom paternity is not established). Adult AFDC recipients could receive benefits and would be required to participate in JOBS for no longer than 2 years, after which they would be required to participate in a State-established work program at least 35 hours per week to continue to receive benefits. No family could receive benefits for more than

5 years, and States could terminate benefits completely after 2 years if 1 year were spent in a work program. Current law exemptions from mandatory JOBS participation would be eliminated, and by FY2003, States would have to enroll at least half of all AFDC families in the mandatory work program after 2 years of benefits.

Existing child care programs under AFDC would be maintained, and presumably, States would still be required to guarantee child care for recipients who need such care to participate in education or training. However, the Personal Responsibility Act would eliminate the States' entitlement to funding and would cap the spending growth of AFDC, including its child care components (AFDC Child Care, Transitional Child Care, and At-Risk Child Care). The impact of this provision must be considered in connection with the eligibility and work and training requirements described above. Specifically, the legislation would increase the proportion of AFDC recipients required to participate in education, training or work, potentially increasing the need for child care services. However, the proposal also would categorically deny AFDC benefits to significant groups of currently eligible participants, thereby eliminating their eligibility for AFDC Child Care or Transitional Child Care. At the same time, the target population for At-Risk Child Care and the CCDBG would likely increase.

The Personal Responsibility Act would prohibit noncitizens from participation in 60 Federal assistance programs, including AFDC-related child care and the CCDBG. Further, States could choose to opt out completely of the AFDC program and convert payments that would otherwise be made to the State into a fixed block grant, to be spent for a program of the State's own design to serve needy families with dependent children. Another component of the Act would repeal several nutrition programs, including food stamps and the Child and Adult Care Food Program, and consolidate their funding into a block grant to States with a cap on spending. (See below for discussion of block grants.)

Consolidation and Block Grants

The debate over broad block grants versus categorical programs as the best way for the Federal Government to finance human services delivered at the State or local level has been ongoing for decades. Most recently, in the early 1980s, President Reagan proposed to consolidate a large number of categorical health and social services programs into block grants to States, and had limited success. Of most relevance to child care, President Reagan proposed to combine 12 programs, including child care for low-income families funded under Title XX of the Social Security Act, into a single Social Services Block Grant to States. Congress chose to include only Title XX activities in the new Social Services Block Grant enacted in 1981, but did eliminate most Federal requirements then in effect under Title XX, including national child day care standards and Federal eligibility criteria.

Provisions to coordinate and in some cases consolidate human services programs have appeared in many proposals in recent years, especially in the areas of education, employment and training, and social services. The House Republican leadership has included a major nutrition consolidation and block grant in its welfare reform proposal that would include the Child and Adult Care Food Program along with food stamps, school lunch and child nutrition, special supplemental feeding for women, infants and children (WIC), and other nutrition programs. Existing authority for these programs would be repealed and States would receive a block grant allotment to be used for similar activities. The Republican leadership has indicated interest in additional large-scale block grants, possibly including a consolidation of child care. The following discussion raises a number of questions that might be asked in designing and evaluating a child care block grant.

A fundamental first question with regard to child care is: which programs would be included in a block grant? As described earlier, there are several Federal child care programs, supplemented by numerous non-child care programs that allow limited use of funds for child care purposes. Would all sources of Federal support for child care be included in a block grant, or only those programs with child care as their primary purpose?

An even broader question is: what would the purposes of a child care block grant be? Looking only at Federal programs that are specifically child care-related, a number of different purposes now exist. For example, some programs provide child care for welfare recipients to support their efforts to become self-sufficient. Others provide services to low-income working families to help them remain self-sufficient and keep them out of the welfare system. The CCDBG provides funds for direct services, but also to improve the availability and quality of services. State Dependent Care Planning and Development Grants are specifically intended for before- and after-school care. CDA scholarships help upgrade the skills and mobility of child care workers.

Defining the purpose of a Federal child care block grant would help answer such questions as: Should there be Federal eligibility criteria and, if so, what population should they target? Should Federal law prescribe allowable activities, or simply specify activities for which Federal funds *cannot* be used? Are there Federal priorities that should be protected by mandating certain activities, or earmarking a portion of funds for a specific use? For example, if a single block grant were the primary source of Federal funds for child care, there would likely be competition for resources between welfare recipients who are required to participate in work, education or training programs, and poor working families who have stayed out of the welfare system but whose low income makes child care unaffordable. Should this conflict be resolved at the State level, or should the Federal Government establish policy in this area?

Presumably, the purpose of a child care block grant could be to recognize that States need additional funds to meet their child care needs, but that States themselves know best what their needs are and should be given maximum flexibility in using Federal funds to meet those needs. In that case, are there any minimum requirements that the Federal Government should impose on State use of funds, such as, for example, licensing or health and safety standards? The Social Services Block Grant requires that child care receiving SSBG funds must comply with applicable State or local regulations, if such regulations exist. The CCDBG also requires that child care providers meet applicable State and local licensing or regulatory requirements, but if there are no applicable requirements, providers must register with the State to receive funding. Further, the CCDBG requires providers to comply with certain minimum health and safety standards. A new block grant could follow these existing models, or could impose more stringent Federal requirements, or could be silent on the issue and allow States to develop their own policies regarding licensing, regulation, health and safety standards.

In any discussion of broad-purpose block grants, issues normally include funding levels, formula allocation factors, and the type of Federal grant. Currently, AFDC and Transitional Child Care are open-ended entitlements; At-Risk Child Care is a capped entitlement to States with allocations based on a formula; and the CCDBG is a discretionary program, subject to appropriations, with State allocations based on a different formula. The CCDBG is 100% federally funded; the AFDC-related child care programs have matching requirements. If these and possibly other programs were consolidated into a block grant, what formula would be used to allocate funds to States? Would it be reasonable to establish a total funding level equal to the combined funding levels of the consolidated programs? Would the consolidation and elimination of Federal requirements result in savings for the States, so that total funding could be reduced from current levels without harming services? Would grants be discretionary or capped entitlements? Would funding levels be fixed, or indexed to some type of inflation factor? Would a maintenance-of-effort provision be included to require States to maintain their current level of spending for child care?

Other common block grant issues include reporting, audit and other requirements to assure State accountability. Specifically, what level of data should States report on their use of Federal funds to provide the Federal Government with meaningful information to support budget and policy decisions, without unduly burdening the States with paperwork? Would audit procedures be required to assure that Federal funds intended for child care are not used for something else, and if so, how frequent should audits be conducted, and by whom?

LEGISLATION

H.R. 4 (Shaw, Talent, and LaTourette)

Personal Responsibility Act. Would amend AFDC to categorically deny benefits to certain families, limit the length of time families could receive benefits, require participation in education, training and work programs, end the entitlement status and cap spending growth of AFDC and other programs including AFDC-related child care, consolidate nutrition programs into block grant to States. Introduced Jan. 4, 1995; referred to House Ways and Means and other House committees.

FOR ADDITIONAL READING

U.S. Congressional Budget Office. *The Administration's Welfare Reform Proposals: A Preliminary Cost Estimate.* CBO Memorandum, December 1994.

U.S. General Accounting Office. *Child Care: Current System Could Undermine Goals of Welfare Reform.* GAO/T-HEHS-94-238, Sept. 20, 1994.

---- *Child Care: Promoting Quality in Family Child Care.* GAO-HEHS-95-36, December 1994.

---- *Child Care: Working Poor and Welfare Recipients Face Service Gaps.* GAO-HEHS-94-87, May 13, 1994.

----- *Early Childhood Education: Multiple Programs and Overlapping Target Groups*. GAO/HEHS-95-4FS, October 1994.

U.S. House of Representatives. Committee on Ways and Means. *The Green Book: Overview of Entitlement Programs*, section 12. WMCP: 103-27, July 15, 1994.

U.S. Library of Congress. Congressional Research Service. *Child Care: Implementing Regulations for New Federal Programs*, by Anne Stewart, CRS Report for Congress 91-876 EPW, Dec. 12, 1991.

---- *Children's Social Services Issues in the 104th Congress*. by Dale Robinson, CRS Report for Congress 95-97 EPW, Jan. 9, 1995.

---- *Linking Human Services: Waivers to Block Grants*, by Ruth Ellen Wasem, CRS Report for Congress 94-987 EPW, Dec. 8, 1994.

---- *Time-Limited Welfare Proposals*, by Vee Burke, CRS Issue Brief IB93034, regularly updated.

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Recent GAO Studies

Child Care Subsidies Increase Likelihood That Low-Income Mothers Will Work, December 1994

Because low-income mothers often must pay for all or part of their child care expenses, the cost of child care remains an employment barrier to many of them. GAO developed a model, using data from the National Child Care Survey, that would estimate the impact of child care expenditures on mothers' work decisions.

GAO estimates that child care subsidies would increase work among poor women by 52%. The increases for near-poor (100%-185% of poverty level) and nonpoor (above 185% poverty level) would be 32% and 18% respectively. The model predicts that providing a full subsidy to mothers who pay for child care could increase the proportion of poor mothers who work from 29 to 44 per hundred, 43 to 57 for near-poor mothers, and 55 to 65 for nonpoor mothers.

Child Care: Working Poor and Welfare Recipients Face Service Gaps, May 1994

States are working on integrating their child care systems, but there are gaps in services. Gaps can arise from different program requirements in the areas of categories of eligibility, income limits, time limits, and approved activities. In addition, pressure to fund guaranteed AFDC child care, or use state funds to match IV-A dollars can limit the amount of care available to working poor families.

Federal child care programs have provided care to only a small portion of the eligible population. In FY 1992, between 5-6% of the AFDC caseload received child care subsidies, and less than 30% of JOBS participants received child care assistance. GAO reports that some funding intended for working poor families is being used to subsidize care for families on AFDC. At the same time, working poor families are placed on waiting lists for care. Five of the six states GAO visited maintained waiting lists. Texas reported 40,000 children waiting for care; California had approximately 250,000 waiting for subsidies.

Promoting Quality in Family Child Care, December 1994

The GAO found that two federal sources were used most often to improve family child care quality: the Child Care and Development Block Grant and the Child and Adult Care Food Program. They estimate that approximately $156 million in Federal funding goes towards quality enhancement, a very small percentage of federal funding. They could not determine what portion of this quality support went to family child care homes.

States and localities generally do not regulate most family child care as they do center care. Hence, many family child care providers operate legally but do not have to meet any standards to protect the children's safety and health. Experts believe that meeting at least some minimal child care standards is an important step in building quality into all child care settings. Since family child care is the choice of a significant proportion of poor families with infants and toddlers, its use is predicted to grow under various welfare reform scenarios. Given that quality child care settings have been shown to benefit poor children in particular, the need for quality in this case will also grow.

Early Childhood Programs: Multiple Programs and Overlapping Target Groups, October 1994

The GAO identified 34 programs for which education or child care were key to the mission of the programs. Other programs listed within the total "90 Early Childhood Programs" permit funding to be spent on early childhood activities, but such activities are not key to the program.

Provision of "Child Care" was listed as a component of 27 of these programs; however of these programs, some have already been consolidated or eliminated, some spend less than 10 percent on any early childhood activities, some are special education programs, and some are meant for children in protective services. In most of these programs, providing child care is incidental to their main purpose.

Welfare to Work: Current AFDC Program Not Sufficiently Focused on Employment, December 1994

There are several factors which impede success of the JOBS program. The GAO lists funding for child care as one of these factors. Because of the child care guarantee for JOBS participants, a shortage of state funds can limit the number of AFDC recipients participating in JOBS. Spending for JOBS child care assistance has been growing. Between 1991 and 1993, spending for AFDC child care grew faster than spending for JOBS.

Some states have been shifting resources from working poor child care toward entitled AFDC and JOBS recipients. This could place working poor families at greater risk of going on welfare.

Cost, Quality, and Child Outcomes in Child Care Centers

Executive Summary
January, 1995

The Cost, Quality, and Child Outcomes Study was conducted by:

University of Colorado at Denver
Suzanne Helburn, Principal Investigator
Mary L. Culkin, Principal Investigator
John Morris, Economist
Naci Mocan, Economist

University of California at Los Angeles
Carollee Howes, Principal Investigator
Leslie Phillipsen, Site Coordinator

University of North Carolina
Donna Bryant, Principal Investigator
Richard Clifford, Principal Investigator
Debby Cryer, Principal Investigator
Ellen Peisner-Feinberg, Principal Investigator
Margaret Burchinal, Biostatistician

Yale University
Sharon Lynn Kagan, Principal Investigator
Jean Rustici, Site Coordinator

2x

The study received support from the following foundations:

The Carnegie Corporation of New York

William T. Grant Foundation

The JFM Foundation

A. L. Mailman Family Foundation

The David and Lucile Packard Foundation

The Pew Charitable Trusts

Cost, Quality, and Child Outcomes in Child Care Centers

Executive Summary

Conducted at a time when increasing numbers of the nation's young children are in child care and when the American public is duly concerned about the readiness of young children for school, the Cost, Quality, and Child Outcomes Study provides the first comprehensive econometric and psychometric analysis of child care and children's outcomes. Uniquely designed to examine the relationships among the costs of child care, the nature of children's child care experiences, and their effects on children, this study provides fresh provocative information for practitioners, policymakers, and the public.

In brief the study found that while child care varies widely within and between states and sectors of this industry, most child care is mediocre in quality, sufficiently poor to interfere with children's emotional and intellectual development. Market forces constrain the cost of child care and at the same time depress the quality of care provided to children.

Results indicate similar fees, low profit margins, and minimization of costs—all characteristics associated with strong price competition. Good-quality care costs somewhat more to produce than poor-quality care, but generally higher costs are not obviously reflected in parent fees, which are relatively similar in centers of different quality. Consumers thus show little differential effective demand for higher quality, in part because they have difficulty observing the quality of care the children actually receive. This means that there are few economic incentives for centers to improve quality.

The research team collected cost and quality data during the spring of 1993 through visits to 50 nonprofit and 50 for-profit randomly chosen centers in each of four states: California, Colorado, Connecticut, and North Carolina. Trained data collectors conducted interviews and distributed questionnaires to center directors, teachers, and parents and observed two randomly chosen classrooms in each center. That summer, the team collected data on 826 children from preschool classrooms visited earlier, which allowed an examination of the concurrent developmental outcomes related to their child care experience.

This report summarizes findings in four major areas: 1) quality, 2) costs, revenue, and support, 3) sector comparisons, and 4) the child care economic envionment.[1] It discusses implications of these findings and makes recommendations for change. Study methodology is summarized in Appendix 1.

Major Findings

QUALITY:

Based on criteria established by the early care and education (ECE) professional communities, we define "quality" child care as that which is most likely to support children's positive development. To ascertain classroom quality, trained observers used instruments that permitted evaluation of the quality of the total child care environment as well as more specific aspects of the relationship between teacher and child (see Appendix 1 for detail). An overall index of center quality was constructed, from 1 to 7, interpreted as follows:

[1] Unless otherwise stated, all findings reported here are statistically significant at least at the 5% level.

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Inadequate: Children's needs for health and safety not met; no warmth or support from adults observed, no learning encouraged.

3 - Minimal: Children's basic health and safety needs met; a little warmth and support provided by adults; few learning experiences.

5 - Good: Health and safety needs fully met; warmth and support for all children; learning in many ways through interesting, fun activities.

7 - Excellent: Everything in "good," plus children encouraged to become independent; teacher plans for children's individual learning needs; adults have close, personal relationships with each child.

The range of quality between these scores is also important. In particular, we call services that are rated below minimal (less than 3) "poor" or "less than minimal"; those that are between minimal and good (3 to less than 5) "mediocre"; and those that are between good and excellent (5 and over) "developmentally appropriate."

*FINDING 1: **Child care at most centers in the United States is poor to mediocre, with almost half of the infants and toddlers in rooms having less than minimal quality.***

The level of quality at most U.S. child care centers, especially in infant/toddler rooms, does not meet children's needs for health, safety, warm relationships, and learning. While there is a great deal of variation in the sample, the mean score for all centers in the study was 4.0, a full point below the good-quality level (5). Figures 1 through 3 show the distribution of quality scores. Only one in seven centers (14%) received a rating of developmentally appropriate (5 or above), and one in eight (12%) were less than minimal (less than 3).

Child care for infants or toddlers is of particular concern. Of the 225 infant or toddler rooms observed, only 1 in 12 (8%) met the good-quality level, while 2 in 5 (40%) rated less than minimal. Babies in poor-quality rooms are vulnerable to more illness because basic sanitary conditions are not met for diapering and feeding; are endangered because of safety problems that exist in the room; miss warm, supportive relationships with adults; and lose out on learning because they lack the books and toys required for physical and intellectual growth.

FIGURE 1:
Process Quality in Child Care Centers
(N=398)

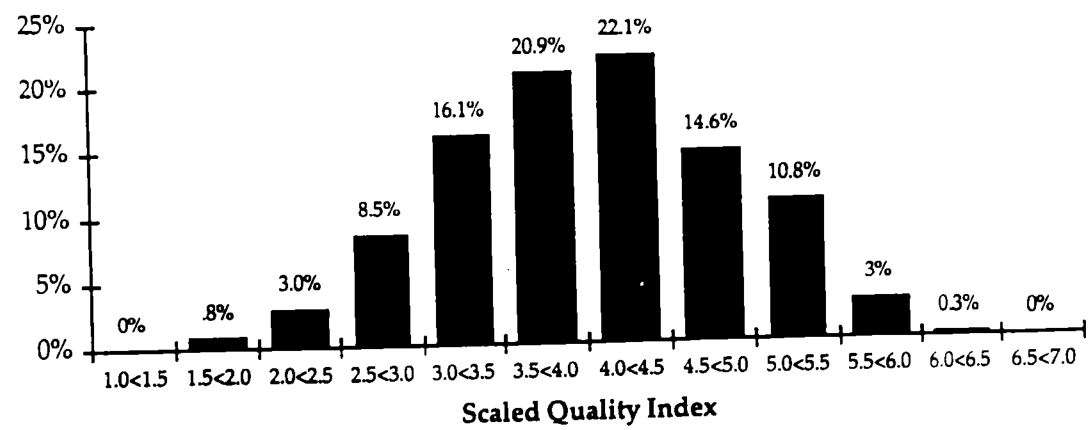


FIGURE 2:
Process Quality in Child Care Centers
Infant/Toddler Classrooms
(N=225)

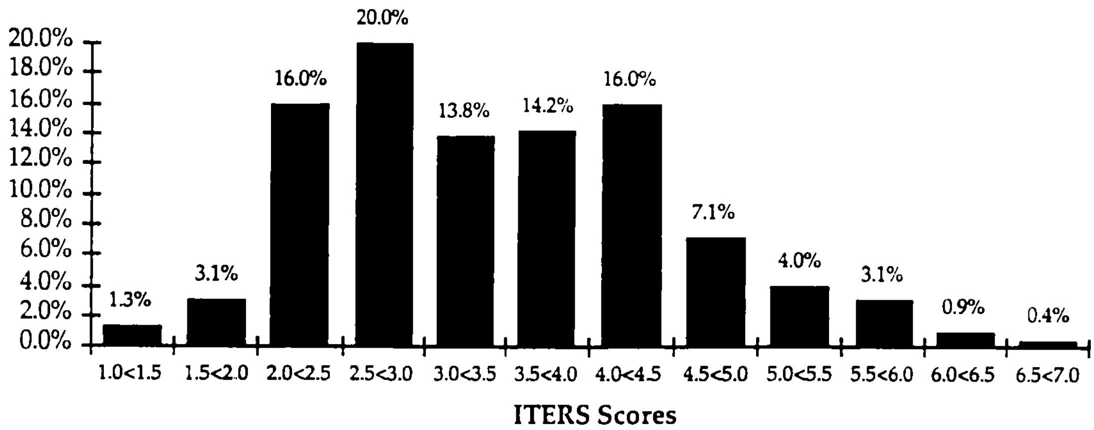
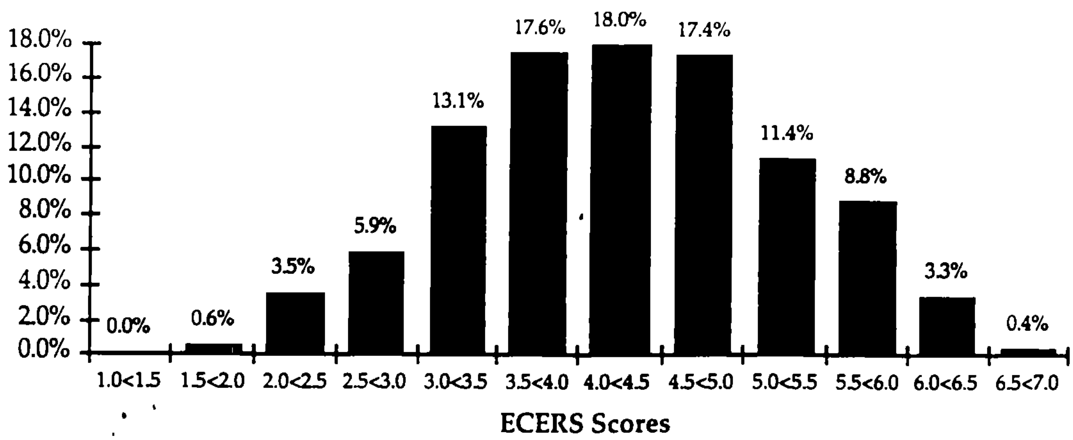


FIGURE 3:
Process Quality in Child Care Centers
Preschool Classrooms
(N=511)



FINDING 2: Across all levels of maternal education and child gender and ethnicity, children's cognitive and social development are positively related to the quality of their child care experience.

Children in higher quality preschool classrooms display greater receptive language ability and pre-mathematics skills, and have more advanced social skills than those in lower quality classrooms. Children in higher quality centers have more positive self-perceptions and attitudes toward their child care, and their teachers are more likely to have warm, open relationships with them. All of these factors are considered important to a child's capacity to enter school ready to learn. Further, these relations were obtained in analyses that controlled for child and parent characteristics known to be related to both child care selection and developmental outcomes, including maternal education and child gender and ethnicity.

While many previous research projects have studied the impact of child care on the development of at-risk children, this study focuses on the broad range of children in center care. For these children, developmental outcomes on a wide variety of measures improve with the quality of the center across all levels of maternal education and child characteristics. In some instances, however, quality had even more impact on children typically at risk (specifically on receptive language ability of minority children and on the self-perceptions of children of less-educated mothers).

FINDING 3: The quality of child care is primarily related to higher staff-to-child ratios, staff education, and administrators' prior experience. In addition, certain characteristics distinguish poor, mediocre, and good-quality centers, the most important of which are teacher wages, education, and specialized training.

This study affirms how important the ratio of adults to children is to quality of services. In the statistical analysis to predict the determinants of quality, the staff-to-child ratio is the most significant determinant of quality, even when controlling for other factors affecting quality. Center quality also increases as the percentage of center staff with a high level of education increases. An increase in a center administrator's prior experience generates higher quality, all else being constant. Finally, there is some evidence that staff tenure at the center also increases quality.

A different analysis identified classroom and center characteristics that distinguished among centers of poor, mediocre, and good quality. This analysis was particularly successful in identifying poor-quality centers, and only moderately helpful in discriminating between mediocre care and good-quality care. The most important discriminators were average teacher wage rates, and teaching staff education and specialized training.

FINDING 4: States with more demanding licensing standards have fewer poor-quality centers. Centers that comply with additional standards beyond those required for licensing provide higher quality services.

More poor-quality centers were found in North Carolina than in the other three states. Of the four states included in the study, North Carolina is the state with the least stringent child care standards. For example, at the time of data collection, North Carolina allowed 1 adult to every 6 infants or 15 three-year-olds, while the other states required 1 adult to every 4 or 5 infants or 10 or 12 three-year-olds. Similarly, North Carolina required far less early childhood education of its center staff than did the other three states.

In addition, centers that meet higher standards than required of all centers in their state in order to receive public funding pay higher wages, provide better benefits and working conditions and have higher overall quality. Finally, accredited centers, those that voluntarily meet a higher set of standards specified by an outside organization, have higher quality than do nonaccredited centers.

FINDING 5: Three specific types of centers provide higher than average overall quality. The financial characteristic these centers share is that they have access to extra resources that they use to improve quality.

The 24 centers operated by a variety of public agencies (in public schools, state colleges, and universities, or operated by municipal agencies), the 16 worksite centers, and the 30 centers with public funding tied to higher standards (the same group cited in Finding #4) provide higher quality care than other centers. With few exceptions they share the following characteristics: they have higher expended costs and total revenue per child hour, have more donated resources, and are less dependent on parent fees than other centers; they pay higher wages and provide more staff benefits; they have higher staff-to-child ratios; and teachers have more education, more specialized training, and longer tenure in the centers.

The econometric analysis shows that centers operated by public agencies (and nonprofit centers in general) use resources as efficiently as other centers. That is, for a particular level of quality, wage rates, full-time-equivalent (FTE) children, and size of facility, the cost per child hour is the same as at other centers.

These results suggest that quality is higher in centers that have in-kind donations or outside funding that they use to increase quality. While parent fees may represent a major source of revenue (for instance, in the worksite centers and centers operated by state colleges or universities), these centers do not have to depend solely on parent fees to finance the provision of quality services.

COSTS, REVENUE, AND SUPPORT:

Before discussing costs and revenue, several terms must be defined. First, we use the term ***expended costs*** to refer to cash costs that are actually incurred to run centers. Second, we use the term ***donations*** to refer to the goods and services that are donated by individuals and agencies to support child care. Those donations—facilities, volunteer services, or other kinds of goods or services—must be included to report accurately all of the costs of providing care. Third, we use the term ***foregone wages*** to refer to the difference between the wage a staff person could earn in another occupation (based on the person's education, sex, age, race, and marital status) and the person's wage as a child care worker.[2] Fourth, we use the term ***full cost*** to refer to the amount it would take to operate centers if all costs were included. That is, the full cost of care equals expended costs plus donations plus foregone wages. Finally, we use the term ***total revenue*** to refer to the total amount of income received by a center, including fees paid by parents, publicly reimbursed fees, USDA food grants, other public funds, sponsor and other private contributions, and other revenue.

*FINDING 6: **Center child care, even mediocre-quality care, is costly to provide. Even so, donations and foregone wages are large, accounting for more than one-fourth of the full cost of care.***

The average ***expended cost*** (or cash cost) is $95 per week per child, or $2.11 per child hour, to provide mediocre care. (See Figure 4 on the following page for costs by state.) In this labor-intensive industry, labor costs account for 70% of total expended costs. Facilities costs represent 15%, and all other cash expenses make up only 15% of the total. That expended costs are as low as they are is due to the use of primarily female employees (97% were women in this sample) who earn even less in child care than they could in other female-dominated occupations. In this study, the mean foregone wages given up by teachers was $5,238 per year; assistant teachers gave up $3,582 per year.

Our estimate of the mean ***full cost*** of producing center child care services is $2.83 per child hour ($127 per week), or $.72 per child hour more than expended costs. Figure 5 (on the following page) shows that this additional $.72 per hour of costs comes from: 1) workers who contribute 19% of full costs ($.54 per child hour) in the form of foregone wages and benefits, 2) occupancy donations, which average about 5% of full cost ($.14 per child hour), and 3) volunteer services and donated goods, which represent 2% of full costs ($.06 per child hour).[3]

The amounts of foregone wages and in-kind donations vary by state. When foregone wages are adjusted for regional differences in the cost of living, they are smaller in states where overall quality is higher,

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[2] Foregone wages represent another kind of cost. Child care is a labor intensive industry dependent on female employees who work for wages below those they could earn, even in other female dominated occupations, all of which pay less than comparable male occupations. Regardless of the reason that child care employees accept jobs in the field, centers are using labor resources which embody human educational investments and work experience that do not show up in center cash outlays. As the industry expands or improves quality, or if the national labor market tightens, it may be naive to expect more and more women to continue to work for these lower wages.

[3] These do not add up to exactly $.72 because of rounding errors.