CRS Info Pack

Congressional Research Service • The Library of Congress

CRS

Congressional Research Service • The Library of Congress • Washington, D.C. 20540-7000

Child Day Care
IP 306C

As increased numbers of women have entered the workforce during the last two decades, there has arisen a greater need for child day care. The Federal role in addressing these needs has been the focus of much debate in recent years. In response to many requests for information on this issue, we have compiled the enclosed packet of materials:

- information on child day care issues and legislation in the 104th Congress;

- detailed background information and data on child care programs from the U.S. House of Representatives Ways and Means Committee's *Overview of Entitlement Programs, 1994 Green Book*; and

- brief descriptions of the major Federal child care programs and their FY95 funding.

The information provided on Federal financial assistance programs/grants reflects programs funded for FY95. Legislation now being considered by the 104th Congress may significantly change programs and their FY96 budgets. We would recommend that funding agencies be contacted concerning the availability of assistance/grant monies before any application is made.

Members of Congress who want further information on this topic may contact CRS at 7-5700. Additional CRS reports may be identified by looking in the current *Guide to CRS Products* (for congressional use only) and in the latest *Update* under "Children." Constituents may find additional information on this topic in a local library through the use of printed and electronic indexes such as *Readers' Guide to Periodical Literature*, Public Affairs Information Service (PAIS) *Bulletin*, and various newspaper indexes.

We hope this information will be helpful.

Congressional Reference
Division

11/95

Who's Minding the Kids?

In fall 1991, there were 31 million children under age 15 living with their employed mothers. Increases in the numbers of employed mothers with children have made child care concerns an important issue in upcoming employment and welfare legislation. How these children were cared for while their moms were at work is the focus of this Brief, which also presents data on the costs of this care.

These statistics were collected in the Survey of Income and Program Participation (SIPP) between September and December 1991 and are compared to similar data collected in SIPP in earlier years. Unless otherwise noted, arrangements refer only to *primary* arrangements — those usually used *most* (if not all) of the hours the child's mother was at work.

Most preschoolers receive care in a home environment.

About two-thirds of preschool-age children were cared for either in their own home (36 percent) or another home (31 percent) while their moms were away at work. Nearly one quarter (23 percent) received care in an organized facility, such as a nursery school or a day care center. Virtually all the remaining kids (9 percent) were cared for by their mothers while they worked; most of these moms worked at home.

Grandparents and fathers often play a role in preschooler care. Sixteen percent of these children were cared for by their grandparents during their mother's working hours. And increasing numbers are receiving care from their fathers (20 percent in 1991, up from 15 percent in 1988).

It's notable that as "father care" became more common between 1988 and 1991, care by "family day care" providers (i.e., care in the homes of nonrelatives) became less frequent, dropping from 24 percent to 18 percent of all primary preschooler care arrangements.

Care in organized facilities fell from 26 percent to 23 percent.

Some gradeschool kids return from school to empty homes.

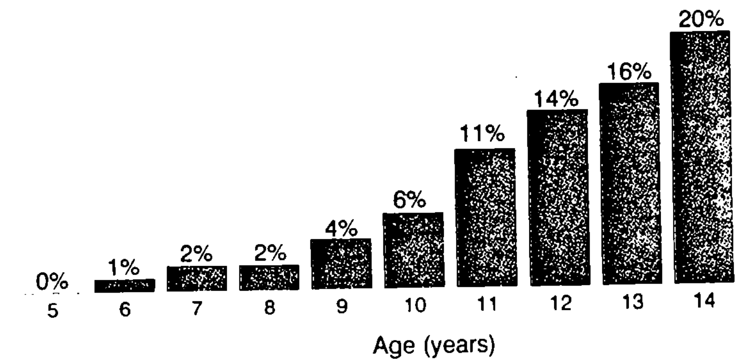
Three-quarters of the 21 million children aged 5 to 14 of employed mothers were in school most of the hours their mothers worked. Many of the rest (11 percent) received care in their own home — usually from their father — or were involved in a school-based activity (3 percent) for most of this period.

But this doesn't mean that all these gradeschoolers received supervision *the entire time* their mothers worked. A fairly substantial number (8 percent, or 1.6 million 5 to 14 year olds) were "latchkey" kids — they spent *some or all* of these hours home alone. (In other words, self-care was either their primary or secondary child care arrangement.) The odds of being a "latchkey" kid rose with the following factors:

- *Child's age* — The graph below shows that the likelihood of a child being a latchkey kid climbed with their age. Fewer than 5 percent of children 5 to 11 years old were latchkey kids; by age 14, about 1 in 5 children spent some time alone during their mother's work day.

Who's Home Alone?

Percent of latchkey kids (children aged 5 to 14 of employed mothers who cared for themselves for some part of the time their mothers were working), by child's age: 1991



SB/94-5
Issued April 1994

U.S. Department of Commerce
Economics and Statistics Administration
BUREAU OF THE CENSUS

- *Mother's employment status* — Children aged 5 to 11 whose mothers worked full-time were four times more likely to be latchkey kids than those whose moms worked part-time.

- *Area of residence* — It was twice as common for suburban kids as for children living outside metro areas to be latchkey children. The proximity of neighbors and other children in the suburbs may account for this difference.

Mothers working evening or night shifts have an easier time arranging in-home care.

The type of shift that a mother works makes a big difference in the kind of primary child care arrangement she uses. To illustrate, we can compare mothers working day shifts (at least half their working hours fell between 8 a.m. and 4 p.m. on a regular basis) and those who work non-day shifts (all others).

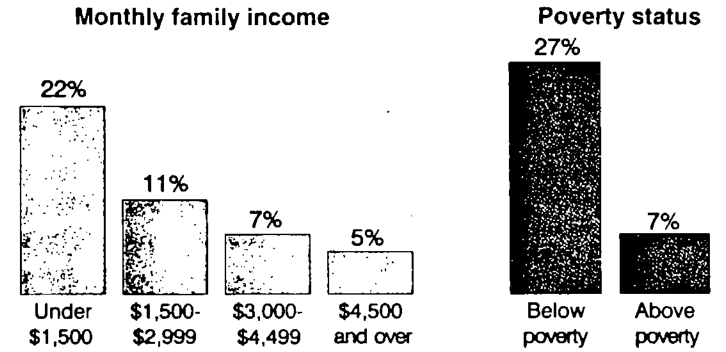
Preschoolers whose mothers worked non-day shifts were nearly twice as likely to receive care in their own home as those whose moms worked a day shift (47 percent compared with 27 percent). Father care accounted for 31 percent of arrangements for the children of non-day shift moms and 12 percent for day shift-mother's kids.

On the other hand, preschoolers with day shift-working moms were more frequently cared for in either another home or in an organized facility (64 percent) than kids whose mom worked a non-day shift (41 percent).

Patterns by the *number of hours* worked are similar — 44 percent of preschoolers of mothers who worked *part-time* received care in their own home. The same was true for 30 percent of those whose moms worked *full-time*; nearly twice as many of these kids received care in organized facilities as did children whose moms worked part-time (28 percent compared with 15 percent).

Child Care Costs Are More Burdensome for Low-Income Mothers

Percent of monthly family income employed mothers spent on child care, by income level and poverty status: 1991



For many women, child care is a costly expense.

In fall 1991, there were 19.2 million employed women with children under 15 years old living with them. Thirty-five percent of them made cash payments for child care services, down from 40 percent in 1988. They paid an average of $63 per week, no significant change (in 1991 constant dollars) from 1988, but up $11 from 1985. Women who paid for care had an average monthly family income of $3,838; these payments consumed 7 percent of their family income.

Women with at least one preschooler were more apt to pay for care (60 percent) than those with only gradeschool-age children (17 percent). Mothers of preschoolers also paid more each week ($72 versus $40).

Care is more of a burden for poor women.

Relatively fewer poor than non-poor women paid for child care (24 percent versus 36 percent). But care consumes an especially large share of the family budget of poor women who do pay. Poor women who paid for care spent 27 percent of their monthly family income on it, compared with 7 percent for non-poor women. Why? Both paid about the same weekly amount (about $60).

More information:

Who's Minding the Kids? Child Care Arrangements: Fall 1991. Current Population Reports, Series P70-36. Contact Customer Services (301-763-4100) for ordering information.

Contacts:

Child Care —
Lynne Casper, Mary Hawkins, or Martin O'Connell
301-763-5303

Statistical Briefs —
Robert Bernstein
301-763-1584

This Brief is one of a series that presents information of current policy interest. All statistics are subject to sampling variability, as well as survey design flaws, respondent classification errors, and data processing mistakes. The Census Bureau has taken steps to minimize errors, and analytical statements have been tested and meet statistical standards. However, because of methodological differences, use caution when comparing these data with data from other sources.

Using Federal Funds to Expand and Improve Child Care: Focus on Family Day Care

New Opportunities and Challenges for the States

Federal child care legislation enacted during the past three years has substantially increased the funds available to states for expanding the supply and improving the quality of child care. The new funds give state leaders unprecedented opportunities to help families obtain the high quality child care they need and want.

New and expanded child care subsidy programs will help low-income parents choose the type of care they prefer. However, real choice exists only when quality child care services of all types are available in the communities where low-income families live, and when subsidy levels are high enough to pay for those services. The new funds challenge the states to build child care systems that balance attention to the well-being of children, the needs of parents, and the concerns of child care providers.

The National Center for Children in Poverty has launched an initiative to identify strategies that foster the development of high quality family day care services for low-income families. Family day care, provided in the home of the caregiver, is an integral part of the child care system. It is relied upon by many parents who value its small group size, convenience, and flexibility. The Center is focusing on family day care because it merits more systematic attention than it has received to date. Targeted programs to expand and improve family day care services should be key elements of broader state efforts to build effective child care systems.

What Child Care Funding Sources Should Be Coordinated?

Federal sources of child care funding include:

Child Care and Development Block Grant to help low-income parents pay for child care, to expand early childhood development programs, to improve the availability and quality of care. (Enacted in 1990, funds available in September, 1991.)

Title IV-A At-Risk Child Care for working parents who need child care assistance to avoid welfare dependency. (Enacted in 1990, funds are now available.)

Title IV-A JOBS Child Care for AFDC recipients who are employed or in education or training programs. (Enacted in 1988.)

Title IV-A Transitional Child Care for certain former AFDC recipients who are employed who can be assisted for one year after they first exceed AFDC income guidelines. (Enacted in 1988.)

Title IV-A Child Care Licensing-Monitoring Improvement Grant to improve licensing and monitoring and provide training to child care workers. (Enacted in 1988, expanded in 1990.)

Social Services Block Grant (Title XX) for activities determined by states, including child care.

Child and Adult Care Food Program to fund meals for children in centers and family day care homes.

Dependent Care and Development Grant for child care resource and referral and for before- and after-school child care services.

Head Start for children who meet income or other eligibility guidelines. (Expanded in 1990, funds flow from the federal government to regional and local program administrators.)

Child Development Associate Scholarship Assistance to assist lower-income child care staff or providers to earn a Child Development Associate credential.

State sources of child care funding may include:

- State matching dollars for federal child care programs
- Supplements to federal Social Services Block Grant and Head Start funding
- Prekindergarten programs in public schools
- Before- and after-school programs.
- Funds for child care licensing
- Funds for training
- Support of resource and referral services

Why Should Family Day Care Be Included in State Plans?

The most common forms of child care are *care by relatives, center care,* and *family day care.* Over half of all employed parents look outside the family for child care, and they use child care centers and family day care homes in about equal proportions.

Most state regulatory attention and subsidy programs have focused on child care centers, but public officials are now coming into increasing contact with family day care homes. Family day care differs from center care, and it differs from care arranged within the family. If the new child care funds are to strengthen this important form of child care, the leaders who shape state child care policies should understand both the strengths of family day care and the challenges of organizing, expanding, and improving it.

Strengths and Contributions of Family Day Care

- **Family day care meets the needs of many children and families.**

  In family day care homes, children receive care in small mixed-age groups. These homelike settings can offer nurturance and a rich learning environment, especially for infants and toddlers.

- **Family day care reflects the cultural diversity of communities.**

  Family day care takes place in neighborhoods. It enables parents to choose providers who understand and share their language and childrearing values. Building family day care resources, especially in low-income neighborhoods, strengthens the social fabric of those communities.

- **Family day care addresses special child care needs.**

  Family day care offers flexibility in hours of operation, ages served, and availability of part-time care. Family day care homes help parents who work unusual hours, and they provide the "wraparound care" that enables children with working parents to participate in part-day programs like Head Start.

- **Family day care start-up costs are modest.**

  Although operating costs for family day care homes and centers are similar, opening a family day care home requires less capital. Because of this, the family day care supply can change relatively quickly in response to local needs and conditions.

Barriers to the Development of Family Day Care

- **Family day care providers find it difficult to secure approval to operate.**

  Zoning or lease restrictions and strict building codes make it difficult to open a family day care home in some communities. When licensing agencies are understaffed, new providers may wait months to receive approval to begin caring for children, by which time many must find other employment.

- **Family day care providers are economically vulnerable.**

  Providers are small business owners, and they must cover their own benefits and insurance costs. Most family day care providers care for very few children. Therefore, parents who cannot pay, vacant slots, and delays in public reimbursements have immediate impacts on the provider's ability to stay in business.

- **The turnover among family day care providers is high.**

  Low earnings, long hours, and a lack of professional supports make the work of the family day care provider stressful, and many remain in operation less than three years. Turnover is disruptive for children and families, as well as for licensing staffs and for caseworkers who arrange subsidized care for families.

- **Family day care is decentralized.**

  The small size and the private nature of family day care homes make it difficult for parents to locate family day care and for public agencies to work effectively with providers.

What Actions Will Strengthen the Child Care System, Including Family Day Care?

States can use new federal funds to develop coherent systems of care for young children through public *purchase of child care services* and through efforts to *build infrastructures* that improve the availability, organization, and quality of child care services. There are several steps that states can take to improve child care systems and to respond to local needs for family day care.

■ Coordinate public child care subsidy programs.

An integrated system of multiprogram public child care subsidies can ensure that neither children nor providers experience disruptions as families become eligible for different types of subsidies. This integration effort involves reconciling such features as eligibility screening, sliding-fee scales, reimbursement rates, and payment methods.

Focus on family day care: Both child care centers and family day care homes benefit from a coordinated subsidy system. In such a system neither families nor providers have to worry about which funding program is paying for care. Coordination brings continuity to children and stability to providers. It reduces disruptions and paperwork, and encourages more family day care providers to offer care to subsidized children.

■ Expand the supply of high quality care.

Parental choice is real only if there is a range of accessible, affordable, and high quality child care services from which to choose. Many communities lack: adequate care for infants and toddlers or for children with special needs, before- and after-school care, and care during nontraditional hours. Many families are unable to take advantage of part-day preschool programs unless "wraparound" services are available.

Local needs assessments, which compare the numbers of children who need specific types of care with available spaces, should guide supply-building efforts. Resource and referral agencies, where they exist, can collect and analyze information on supply and demand.

Focus on family day care: Although the costs of starting a family day care business are modest compared to those of starting a center, the individual provider usually has less access to the capital needed for home renovations, equipment, insurance, and training. The availability of start-up resources, in the form of grants or loans, equipment and toy lending, advance payment, and free training, can help make recruitment campaigns more effective.

Much of the family day care in the United States is still provided informally in homes that are not licensed, registered, or reached by support services. Efforts that bring these providers into the officially recognized system expand the visible supply of family day care services and improve the care received by children.

Supply is maintained when experienced providers stay in business. Access to ongoing support, through provider associations, training and education programs, participation in the Child and Adult Care Food Program, and involvement in family day care networks, encourages existing providers to remain in operation and grow professionally.

■ Set subsidy policies to ensure an adequate supply of child care providers.

Subsidy policies have a direct impact on the economic viability of child care businesses. Low reimbursement rates endanger the quality of the care that children receive, and payment delays, inherent in many reimbursement systems, create cash-flow problems for small providers that serve a high percentage of subsidized children.

Focus on family day care: Simple market-rate surveys may not identify reimbursement rates for family day care that will assure a stable supply of care. When reimbursement rates are low, providers are unlikely to accept subsidized children or to remain in business. In addition, timely assured payments are critical to the economic viability of family day care. "Purchase of service" contracts should be available to family day care homes as well as to centers, and certificate or voucher systems should assure prompt payment to providers.

■ Invest in an infrastructure that can maintain and improve the quality of care.

Through regulation—By regulating child care through licensing, certification, or registration, state and local governments seek to provide basic consumer protection. Regulation can protect both families and providers and can encourage employers to invest resources in child care services. But regulation is not effective unless it is routinely and sensitively enforced by a trained staff of sufficient size.

Focus on family day care: Regulations for family day care must safeguard children without driving providers out of the official system. States can use the regulatory process to contribute positively to the quality of family day care when they ensure that regulations cover important but not trivial requirements, when they hire sufficient staff to promptly license new providers and routinely visit homes, and when they train licensing staff to understand the unique features of family day care.

Through training—Both initial and ongoing training are crucial to develop the skills and sustain the morale of workers in all child care settings. States can use training to improve quality by including basic training requirements in regulatory standards and by ensuring that training opportunities exist for workers at all levels. Scholarship and loan programs enable low-paid staff to obtain training. Also, linkage between higher reimbursement rates and training or accreditation provides a training incentive.

Focus on family day care: Family day care training must be affordable, be offered at times and locations that allow providers who work long hours to participate, and be relevant to provider concerns and interests. When veteran providers serve as trainers and mentors, family day care training is strengthened. Many community colleges, vocational schools, resource and referral agencies, provider associations, and sponsors of family day care networks have the skills to design the types of training that meet providers' special needs.

Through organization and peer support—The decentralized character of child care leads to gaps and duplication of services and to a lack of communication among child care groups. Many states fund child care resource and referral agencies to improve coordination, to promote community-level planning, and to support the development of needed services.

Focus on family day care: Family day care is generally the most isolated of child care services. Intermediaries enable some providers to participate in public programs, such as the Child and Adult Care Food Program. Many family day care providers rely on the referrals, networking, and peer support offered by resource and referral agencies, provider associations, and other community groups. Some of these intermediaries can be funded directly by states; others can be supported through grants or contracts for specific activities.

■ Inform parents about child care options.

Consumer education involves more than an explanation of state child care regulations and a checklist that helps parents choose a child care setting. Whether consumer education is handled by public agency staff, by a resource and referral agency, or by another organization, it should offer individualized parental counseling that reviews family needs, preferences, and values, and that presents the pros and cons of all child care types.

Focus on family day care: Despite the broad use of family day care, parents and the public lack a clear understanding of what family day care is and how it differs from center care and from informal arrangements made with relatives or neighbors. Well-trained counselors can help parents decide whether family day care is the most appropriate form of care for them, and they can help the parents choose a provider they can trust.

This Issue Brief was stimulated by a meeting of representatives from a range of organizations involved with family day care: provider associations, resource and referral agencies, advocacy groups, and state governments. For further information, contact Mary Larner or Emily Cooperstein with the Family Day Care Initiative at the National Center for Children in Poverty, Columbia University School of Public Health, 154 Haven Avenue, NY, NY 10032; (212) 927-8793; FAX (212) 927-9162. We can direct you to recognized national experts and to child care groups in your state.

95-1144 EPW
Updated December 22, 1995

CRS Report for Congress

Congressional Research Service • The Library of Congress

Child Care Provisions in Welfare Reform, H.R. 4

Karen Spar
Education and Public Welfare Division

Introduction. On December 21 and 22, the House and Senate passed the conference agreement on omnibus welfare reform legislation (H.R. 4, H. Rpt. 104-430). President Clinton has stated that he will veto the bill. Under the conference agreement, the Child Care and Development Block Grant (CCDBG) would be reauthorized through FY2002, and additional funds for child care would be authorized under a new cash assistance block grant that would replace Aid to Families with Dependent Children (AFDC). This fact sheet describes the child care provisions of the H.R. 4 conference agreement.

Legislative Structure. The welfare reform agreement would authorize funds for child care in two places: under the Temporary Assistance for Needy Families (TANF) block grant that would be established to replace Aid to Families with Dependent Children (AFDC); and under a revised Child Care and Development Block Grant (CCDBG), which would be reauthorized through FY2002. However, the legislation provides that child care funds authorized under TANF would be transferred to the state CCDBG agency and be subject to CCDBG requirements and limitations.

Financing and State Allocations. H.R.4 would provide *a total of $18 billion for child care* over the period FY1996-FY2002, comprised of *$11 billion in entitlement funds* and *$7 billion in discretionary funds*.[1] Entitlement funds would be provided by continuing current law during FY1996, and by authorizing child care funds under TANF during FY1997-FY2002. Under existing AFDC-related child care programs, an estimated $1.15 billion in entitlement funds will be spent in FY1996. Under TANF, a total of $9.85 billion in entitlement child care funds would be authorized during FY1997-FY2002, starting at $1.3 billion in FY1997 and rising to $2.05 billion in FY2002.

Of the child care funds provided under TANF, a certain amount would be guaranteed to states each year. This guaranteed amount (approximately $990 million per year) is based on the greater of federal payments to states in FY1994 under existing AFDC child care programs, or the average of such payments in FY1992-FY1994. States would not have to match these funds but would generally have to maintain at least 75% of their nonfederal expenditure level in the immediately preceding fiscal year for cash assistance and related programs, including child care. Of the remaining TANF child care funds,

[1] For TANF and child care allocations to states, see U.S. Library of Congress. Congressional Research Service. *Welfare Reform: Estimated State Allocations under the Proposed Block Grant for Temporary Assistance for Needy Families*. CRS Report for Congress No. 95-377 EPW, by Gene Falk. Dec. 21, 1995.

states could receive allotments, up to the annual ceiling level, subject to a nonfederal match equal to the current Medicaid match and based on the formula currently used for AFDC "at-risk" child care (state population age 13 and under).

Finally, a total of $7 billion in discretionary funds would be authorized for the CCDBG ($1 billion per year during FY1996-FY2002), to be distributed according to the current CCDBG formula. In addition, 1% of all child care funds (TANF and CCDBG) would be reserved for distribution to Indian tribes and tribal organizations.

State Administration. As stated above, child care funding authorized under TANF would be transferred to the CCDBG agency, integrated into the state CCDBG program, and subject to CCDBG requirements and limitations. The agreement specifies that states could use no more than 3% of their total child care allotments for administrative costs.

Eligibility and Targeting. Adult recipients of cash assistance under TANF would have their benefits reduced or terminated if they failed to engage in work activities required by the state. However, states would be prohibited from reducing or ending benefits if the adult recipient is a single custodial parent of a child younger than 6, and refuses to work because of a demonstrated lack of child care. Of funds made available for child care under TANF, states would have to use at least 70% per year for child care assistance to families who are either receiving welfare under TANF, trying to transition off TANF through work activities, or at risk of becoming dependent on TANF. States would describe in their state plans the manner in which they would meet the child care needs of these families. After meeting this 70% requirement, states would be directed to use a "substantial portion" of remaining funds for low-income working families *other than* the welfare-dependent or at-risk families described above. The eligibility criteria for CCDBG would be raised to 85% (from 75%) of state median income.

Payment Rates and Sliding Fee Scales. Certain CCDBG provisions in current law would remain in effect; e.g., requiring payment rates that will assure equal access for children receiving subsidies under the program to comparable child care services provided to children whose parents are not eligible for subsidies, and requiring sliding fee scales.

Standards and Regulation. States would have to certify that they have child care licensing requirements. The Secretary of Health and Human Services (HHS) would establish minimum child care standards for Indian tribes. Current CCDBG provisions requiring registration of unlicensed providers and requiring establishment and enforcement of health and safety standards would be eliminated.

Quality and Availability Improvement. The conference agreement would reserve 3% of all funds received for child care (under TANF and CCDBG) for activities designed to provide comprehensive consumer education to parents and the public, to increase parental choice, and to improve the quality and availability of child care, such as resource and referral. In their state plans, states also would be required to certify that they will collect and disseminate consumer education information to parents and the public that will promote informed child care choices. Current provisions that reserve 25% of CCDBG funds for activities to improve quality and expand availability would be eliminated.

Reporting and Evaluation. States would be required to submit data to HHS on a quarterly basis on families served by the program, and additional data on services provided and costs would be submitted on a semi-annual basis.

95-696 EPW
Updated October 10, 1995

CRS Report for Congress

Congressional Research Service • The Library of Congress

Child Care: A Comparison of House and Senate Welfare Reform Legislation

Karen Spar
Education and Public Welfare Division

SUMMARY

On March 24, the House passed an omnibus welfare reform package called the Personal Responsibility Act (H.R. 4), which would replace Aid to Families with Dependent Children (AFDC) with a new block grant, and consolidate four major child care programs for welfare recipients and low-income working families in a separate block grant specifically for child care. The Senate on September 19 approved its version of H.R. 4, entitled the Work Opportunity Act, which also would replace AFDC with a block grant. However, the Senate bill would include AFDC-related child care in this block grant, and authorize additional funds for child care on a matching basis. Under a separate title, the Senate bill would reauthorize the Child Care and Development Block Grant (CCDBG). The House bill would authorize $10.5 billion over a 5-year period specifically for child care in its version of H.R. 4; the Senate bill would authorize almost $13 billion for child care over the same 5-year period. This report compares current law and the House and Senate positions on child care. (For background, see *Child Care in the 104th Congress*, CRS Issue Brief 95009.)

Legislative Structure

Under *current law*, three child care programs are authorized as part of AFDC: child care for AFDC recipients engaged in education, work or training under the JOBS (Job Opportunities and Basic Skills) program or another State-approved training program; child care for families no longer eligible for AFDC because of increased earnings but who need child care to remain employed, for up to 1 year after leaving AFDC; and child care for working families at risk of becoming dependent on welfare in the absence of subsidized child care. These programs are known as AFDC Child Care, Transitional Child Care, and At-Risk Child Care. In addition, the Child Care and Development Block Grant (CCDBG) helps subsidize child care for low-income working families, including families in which the parents are enrolled in education or training.

The *House bill* would create a single source of child care funds, by repealing the three AFDC-related child care programs and consolidating them under the CCDBG, which would be reauthorized through FY2000. The House bill also would repeal several small related programs: State Dependent Care Development Grants, Child Development Associate (CDA) Scholarship Assistance, certain programs under title X of the Elementary and Secondary Education Act, and Native Hawaiian Family-Based Education Centers. Another section of the House bill would replace AFDC cash assistance with a separate block grant, called Temporary Assistance to Needy Families (TANF).

Title I of the *Senate bill* also would repeal the three AFDC-related child care programs but would include their funding in a new State block grant to replace AFDC, also called Temporary Assistance to Needy Families (TANF). Funds for child care would be earmarked under the Senate version of TANF. States complying with certain maintenance-of-effort provisions could apply for additional funds authorized under title I for child care, above amounts available under TANF.[1] Further, title VI of the *Senate bill* would reauthorize the CCDBG through FY2000, and would repeal State Dependent Care Development Grants, and CDA Scholarship Assistance. Although the Senate bill establishes three funding sources for child care (TANF child care, additional title I child care, and the CCDBG), the bill also would require that any Federal funds used by a State for child care be spent in accordance with CCDBG requirements, standards and criteria, and regulations. The bill further would require that such funds be administered through a uniform State plan and, if practicable, transferred to the lead CCDBG agency and integrated into the CCDBG program. Presumably, this provision would apply to child care funds under title I.

Financing

Funding Level. Under *current law*, AFDC and Transitional Child Care are open-ended entitlements to States. At-Risk Child Care is a capped entitlement to States; the CCDBG is a discretionary authorization. FY1994 spending for these programs combined was almost $1.9 billion; FY1995 appropriations are slightly more than $1.9 billion.

The *House bill* would authorize $2.1 billion for the expanded CCDBG during each of FYs 1996-2000, for a total of $10.5 billion over the 5-year period. The actual funding level would be determined through the appropriations process. Title I of the *Senate bill* would authorize a single amount for the proposed TANF block grant, which would be structured as a capped entitlement to States. The entitlement ceiling is based on FY1994 expenditures for AFDC and related programs that would be replaced, including $980 million attributable to expenditures in FY1994 under AFDC Child Care, Transitional Child Care, and At-Risk Child Care, which is the amount that would be earmarked for TANF child care. On top of the TANF block grant, $3 billion would be authorized and appropriated for additional title I child care, to be distributed to States complying with certain maintenance-of-effort provisions during the 5-year period from FY1996-FY2000. Title VI of the *Senate bill* would authorize $1 billion for the CCDBG in FY1996 and "such sums as necessary" in FYs 1997-2000. Thus, the Senate bill would authorize a total of almost $13 billion for child care over the 5-year period, consisting of $4.9 billion in earmarked TANF funds, $3 billion in additional Title I funds, and $5 billion in CCDBG funds (assuming an appropriation of $1 billion per year for the CCDBG).

---

[1] In this report, funds earmarked for child care within the TANF block grant will be referred to as "TANF child care" funds. Amounts available to States for child care, that are authorized under Title I in addition to the TANF block grant, will be referred to as "additional Title I child care" funds.

Allocations to States. Under *current law*, States are reimbursed for eligible expenditures for AFDC and Transitional Child Care on an open-ended basis; no allocation formula governs the distribution of funds among States. At-Risk Child Care funds are distributed according to the relative number of children in each State. States must provide matching funds under AFDC-related child care at the same rate used in Medicaid, which varies according to State per capita income. CCDBG funds are distributed to States according to a formula based on low-income children and State per capita income, and require no nonfederal match. States must make assurances that CCDBG funds will not be used to supplant any other Federal, State or local spending on child care in the State.

The *House bill* would allocate funds under the expanded CCDBG according to each State's relative share of FY1994 funding under programs that would be replaced. Likewise, title I of the *Senate bill* would allocate TANF child care funds according to each State's expenditures in FY1994 under the three AFDC-related child care programs proposed to be replaced. Funds for additional title I child care would be distributed to States according to their proportion in FY1994 of At-Risk Child Care funds. Finally, under the CCDBG reauthorization contained in title VI of the *Senate bill*, funds would be allocated according to the existing CCDBG formula.

The *House bill* would require no nonfederal matching funds, and contains no State maintenance-of-effort requirement. Under title I of the *Senate bill*, States would not be required to match their TANF or TANF child care grants, but would have to maintain at least 80 percent of their expenditure levels in FY1994 for AFDC, related child care, emergency assistance, and JOBS. Additional title I child care funding would be available to States on a matching basis, at the Medicaid matching rate. Further, to receive additional title I child care funds, States would have to maintain 100% of their level of spending for child care in FY1994. Title VI of the *Senate bill* would maintain the current prohibition against use of CCDBG funds to supplant other spending on child care.

Transfer of Funds. Under *current law*, there is no authority under AFDC-related child care or the CCDBG to transfer funds for use under other programs. The *House bill* would allow States to transfer up to 20% of their CCDBG allotments for use under other designated block grant programs. The *Senate bill* would allow States to transfer up to 30% of their title I grants for use under the CCDBG; title VI of the *Senate bill* contains no comparable provision that would allow transfers from CCDBG to other programs.

State Administration

State Agency. Under *current law*, States administer AFDC-related child care through the State welfare agency. The CCDBG is administered by a lead agency designated by the Governor.

The *House bill* would maintain the discretion provided to the Governor in designating a lead agency to administer the expanded CCDBG, but would change the term "lead agency" to "lead entity." Title I of the *Senate bill* does not address administration of child care. However, as stated earlier, title VI of the *Senate bill* would require that any Federal funds used for child care, regardless of their source, be administered in accordance with CCDBG rules under a uniform State plan, and if practicable, be transferred to the lead agency administering the CCDBG and integrated into the CCDBG program. Under this bill, the Governor would continue to designate the CCDBG lead agency.

Administrative Costs. Under *current law*, States may receive 50% Federal matching payments for costs associated with administering AFDC. The CCDBG contains no statutory provision related to use of funds for administrative costs. The *House bill* and title VI of the *Senate bill* would both place a 5% limit on use of CCDBG funds for State administrative costs, although the Senate bill specifies that this limit would exclude direct service costs.

Child Care Services

Eligibility. Under *current law*, AFDC Child Care is guaranteed for recipients who are working or participating in an approved education or training program, including JOBS. Transitional Child Care is guaranteed for families that have lost AFDC eligibility due to increased hours of work or increased earnings, for up to 1 year after leaving AFDC. At-Risk Child Care is available for low-income working families determined by the State to be at risk of becoming eligible for AFDC in the absence of subsidized child care. Eligibility for CCDBG-funded child care is limited to children younger than 13 whose family income does not exceed 75% of State median and whose parent or parents are working or enrolled in school or training, or who need protective services.

Neither the *House* nor *Senate bill* would entitle individual recipients to child care. The *House bill* would maintain existing eligibility criteria under the CCDBG. Title I of the *Senate bill* would allow States to develop their own eligibility criteria for TANF. States would not be allowed to reduce or end cash benefits under TANF to single custodial parents of children younger than age 6 who refuse to work because of a demonstrated inability to obtain child care. Further, States could choose to allow such parents to satisfy mandatory work requirements under TANF by working no more than 20 hours per week. Title VI of the *Senate bill* would maintain existing criteria under the CCDBG, except that family income would be limited to 100% of State median, rather than 75%.

Payment Rates and Sliding Fee Scales. Under *current law*, AFDC Child Care payments must equal the actual cost of care or a statewide limit, whichever is lower. The statewide limit may be the same as the AFDC earnings disregard for work-related child care expenses (i.e., $175 per month for children age 2 and older; $200 per month for children under age 2), and payments may not exceed the local market rate. The same rules apply to both Transitional and At-Risk Child Care, except that, in those programs, parents must contribute to the cost of care according to a sliding fee scale based on their ability to pay. Under the CCDBG, States are required to establish payment rates that are sufficient to ensure equal access to comparable services for children receiving subsidized care as that available to children whose parents are not eligible for child care subsidies. In setting these rates, States are directed to consider variations in the costs of care in different settings and for different age groups, and the additional costs of caring for special needs children. In addition, States are required to establish and periodically revise a sliding fee scale that provides for parent contributions to the costs of child care. Under current law, there is no requirement that the sliding fee scale established under AFDC-related child care programs be the same one established for CCDBG-funded child care.

The *House bill* would maintain the CCDBG requirement that States establish payment rates that ensure equal access to services for subsidized children, but would repeal provisions requiring States to consider variations in the costs of care in setting payment rates, and requiring States to establish a sliding fee scale. Title I of the *Senate bill* does not address payment rates for child care; however, title VI would maintain existing CCDBG requirements, including the requirement for a sliding fee scale. States would be required to describe in their State plans the manner in which services would be provided to the working poor.

Standards and Regulation. Under *current law*, AFDC-related child care must meet applicable State or local standards. States also must establish procedures to ensure that center-based child care is subject to State and local health and safety requirements, and must endeavor to develop guidelines for family day care. States must provide the Federal Department of Health and Human Services (HHS) with a description of such requirements and guidelines. Unlike the other two AFDC-related child care programs, At-Risk Child Care requires that providers who are not otherwise subject to State or local licensing (other than individuals caring solely for relatives) must register with the State or locality.

Under the CCDBG, child care providers must meet applicable State and local licensing and regulatory requirements. Providers that are not required to be licensed or regulated under State or local law must register with the State to enable payment and distribution of information to such providers. Providers age 18 or older who care solely for relatives must register with the State and meet any State standards for relative caretakers. Further, the State must assure that State or local requirements are in effect to protect the health and safety of children, including provisions for prevention and control of infectious diseases, building and physical premises safety, and minimum health and safety training. States must assure that providers receiving CCDBG funds comply with these requirements. States also must inform HHS of their rationale if they lower their standards, and must periodically review their licensing and regulatory requirements.

The *House bill* would require States to certify that subsidized child care providers comply with all health, safety, licensing or regulatory requirements, including registration requirements, applicable under State or local law. States also would be required to describe such requirements and their enforcement. The bill would delete current CCDBG provisions requiring providers not subject to licensing or regulation to register with the State; requiring minimum health and safety standards to be in effect within the State; and requiring States to notify and justify to HHS any reductions in child care standards. Providers age 18 or older caring for family members only would still be required to register with the State and comply with any State standards for relative caretakers.

Title I of the *Senate bill* does not address child care standards or regulation. However, under title VI, the *Senate bill* requires that any Federal funds used for child care (presumably including funds under title I) would be governed by CCDBG rules. Title VI of the *Senate bill* would maintain most of the existing CCDBG provisions related to standards and regulation. However, the registration requirement for providers not otherwise subject to licensing or regulation would be replaced with a requirement that States implement mechanisms to assure payments to such providers. Further, the bill would delete requirements that States notify HHS and justify reductions in standards, and that they periodically review their licensing and regulatory requirements. Relative caretakers would be required to comply with all "applicable" standards, rather than "State" standards, and the list of related children would be expanded to include great-grandchildren and siblings, if they live separately from the provider.

Quality and Availability Improvement. Under *current law*, AFDC-related child care programs provide funds for services only.[2] Under the CCDBG, States must use 75% of their allotments for child care services and activities to improve the quality and availability of child care. The remaining 25% must be used for activities to improve the quality of child care and to provide before- and after-school care and early childhood development activities. Within the 25% set-aside, at least 20% must be used for one or more of the following: resource and referral; assistance to providers in meeting State and local standards; monitoring compliance with licensing and regulatory requirements; training; and improving staff compensation. At least 75% of the set-aside must be used for early childhood development services and before- and after-school child care.

The *House bill* would eliminate the set-aside under the CCDBG, and would require States to collect and disseminate consumer education information that would promote informed child care choices. Title I of the *Senate bill* does not address these issues. Title VI of the *Senate bill* maintains a quality improvement set-aside but reduces it to 15% of the State's CCDBG allotment. States would be required to use these funds for resource and referral activities, including comprehensive consumer education and referrals that honor parental choice. States would not be allowed to discriminate against providers operating legally within the State that are exempt from regulation in the operation of resource and referral programs. States would be required to use set-aside funds for at least one of the following: quality improvement activities cited above from current law, activities to increase the availability of before- and after-school care, infant care, and child care between the hours of 5 p.m. and 8 a.m.

Reporting and Evaluations

Under *current law*, States are required to submit data to HHS on AFDC-related child care. Under the CCDBG, States must report annually on their use of funds, and the Secretary is required to summarize this information in an annual report to Congress.

The *House bill* would continue to require annual reports from States, but would revise the required data elements to include: specific demographic information on children and families served; sources of income and resources available to families; number of providers by type; costs of services and amount of subsidies; information on consumer education provided by the State; information on complaints received by the State; and information on any CCDBG funds transferred to other block grants. States also would be required to conduct and report on program evaluations every other year. Finally, the Secretary's report would be changed to a biennial requirement. Title I of the *Senate bill* would require States to submit annual reports to the Secretary on TANF, including information on child care. Title VI of the *Senate bill* would maintain most existing CCDBG requirements but would require States and the Secretary to report biennially, rather than annually, and would add information on resource and referral to the required data elements.

---

[2] Appropriations were authorized under AFDC from FY1990-FY1994 for grants to improve State child care licensing and registration, enforce standards, and provide training. However, no funds were appropriated after FY1992.

Order Code IB95009

CRS Issue Brief

Child Care in the 104th Congress: Issues and Legislation

Updated May 1, 1996

by
Karen Spar
Education and Public Welfare Division

CRS

Congressional Research Service • The Library of Congress

CONTENTS

Child Care in the 104th Congress: Issues and Legislation

SUMMARY

Child care has emerged as a critical issue in the welfare reform debate in the 104th Congress. President Clinton on January 9 vetoed H.R. 4, omnibus welfare reform legislation, citing inadequate child care funding as one of the reasons. As passed by Congress, H.R. 4 included $18 billion in child care funding for the 7-year period FY1996-FY2002. Since then, the National Governors Association has approved modifications to H.R. 4 in an effort to reach a compromise. Among other things, the Governors would add $4 billion for child care, for a total of $22 billion in funding for child care over the 7-year period. Both the House Ways and Means Committee and the Senate Finance Committee have held hearings on the Governors' proposal.

As vetoed, the conference agreement on H.R. 4 would provide up to $18 billion in discretionary and mandatory funding for child care over the 7-year period FY1996-FY2002 (an increase of almost $2 billion over current law). These funds would be authorized in two places: under a block grant called Temporary Assistance for Needy Families (TANF) that would replace Aid to Families with Dependent Children (AFDC); and under a reauthorized Child Care and Development Block Grant (CCDBG). A certain amount of funds would be earmarked for welfare recipients, including families making the transition off welfare or at risk of becoming dependent on welfare, and all funds would be spent under the terms and conditions of the CCDBG.

In general, child care services provide 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. Under current law, the federal government provides significant federal funding for child care through a variety of programs, primarily including the CCDBG and three programs for welfare recipients (including former and potential welfare recipients) under AFDC. Funds for child care are also included in programs with different purposes (such as the Job Training Partnership Act or Community Development Block Grants), making it difficult to identify and categorize all federal funds that can be used for child care. The single largest source of federal support for child care is through the child and dependent care tax credit.

As described above, the 4 major child care programs receiving attention in the 104th Congress are child care for families receiving AFDC, Transitional Child Care for families leaving AFDC, At-Risk Child Care, and the CCDBG. Federal appropriations for these four programs in FY1996 are almost $2.2 billion. For FY1997, President Clinton has requested $2.5 billion for these four child care programs.

MOST RECENT DEVELOPMENTS

A final appropriations bill for FY1996 was enacted on April 26 (P.L. 104-134), funding child care programs at an annual level of $2.2 billion. On March 19, President Clinton submitted his FY1997 budget to Congress, requesting $2.5 billion for child care programs under current law.

President Clinton vetoed omnibus welfare reform legislation, H.R. 4, on January 9, citing inadequate funding for child care as one of his reasons. The legislation would have provided up to $18 billion for child care from FY1996-FY2002, an increase over current law spending of almost $2 billion. Legislation subsequently introduced at the Administration's request (H.R. 2903) would provide up to $19 billion in child care spending over the same period. However, the Administration's proposal and H.R. 4 took different approaches in revising cash welfare assistance, which would have different impacts on the population in need of child care services. In February, the National Governors Association has proposed modifications to the vetoed bill in an effort toward compromise, which would add $4 billion in child care spending, for a 7-year total of $22 billion.

BACKGROUND AND ANALYSIS

Congress has passed, and President Clinton has vetoed, a conference agreement on an omnibus welfare reform package (H.R. 4, H.Rept. 104-430). A similar, but not identical, version of welfare reform was included in the conference agreement on budget reconciliation legislation (H.R. 2491, H.Rept. 104-350), which was also vetoed by President Clinton. Child care is emerging as one of the key issues in this debate. This issue brief describes existing child care programs and actions taken by the 104th Congress that would affect these programs. Pending legislation and additional readings are listed at the end of the 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 to help subsidize the costs of child care for certain low-income parents 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 FY1996, the estimated revenue loss associated with the credit is almost $2.9 billion. (This issue brief does not discuss tax proposals and issues.)

Of the major federal child care programs, four have been the main focus of child care discussions in the 104th Congress. These include child care for families receiving 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 2 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 appropriations for these four programs are almost $2.2 billion in FY1996, and President Clinton has requested almost $2.5 billion for FY1997.

For most of FY1996, child care and many other federal programs were operating under a series of temporary continuing resolutions. However, a full-year appropriations bill was enacted on April 26 (P.L. 104-134). (For further information on the FY1996 appropriations process, see CRS Report 95-633, *Appropriations for FY1996: Labor, Health and Human Services, and Education.*) The following briefly describes selected federal programs that most directly support child care, including the final FY1996 funding level and the Administration's FY1997 request. Unless otherwise noted, these programs are administered by 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. Appropriations for the CCDBG are $935 million in FY1996. For FY1997, President Clinton has requested $1,049 million.

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). The FY1996 appropriation for AFDC Child Care is $734 million, and the Administration requests $879 million for FY1997.

Transitional Child Care for up to a 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. In FY1996, $220 million has been appropriated for the federal share of Transitional Child Care. The Administration requests $267 million for this program in FY1997.

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 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. For FY1996, $300 has been appropriated. The Administration also requests $300 million for this program in FY1997.

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 (USDA). 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 were $1.6 billion; FY1996 appropriations are $1.7 billion under P.L. 104-37. (*Note:* This program would *not* be consolidated with other child care programs under legislation being considered in Congress but *would* be affected by child nutrition amendments in H.R. 4, the omnibus welfare reform bill. For details, see *Child Nutrition: Issues in the 104th Congress*, CRS Issue Brief 95047, updated regularly.)

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 was funded in FY1995 at $13 million. However, no funding is provided in FY1996, and the Administration requests no funding for FY1997.

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 was funded at $1 million in FY1995. No funding is provided for this program in FY1996, and the Administration requests no funding for FY1997.

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 permanent expenditure cap is $2.8 billion. However, for FY1996, Congress reduced the expenditure cap and the appropriation by 15%, to $2.381 billion. The conference agreement on H.R. 4 would have reduced the entitlement ceiling for the SSBG by 10% permanently, beginning in FY1996. The conference agreement on reconciliation would have reduced the ceiling permanently to $2.24 billion beginning in FY1997, for a 20% reduction. However, both H.R. 4 and the reconciliation bill were vetoed. (*Note:* This program would not be included in any child care or other block grant legislation currently under consideration but would remain unchanged.

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 $3.6 billion in FY1996. For FY1997, the Administration requests $4 billion. (*Note:* This program would not be included in any child care or other block grant legislation currently under consideration, but would remain unchanged.)

Administration Initiatives

Since the President vetoed H.R. 4 on January 9, legislation containing the Administration's balanced budget and welfare reform provisions (H.R. 2903) was introduced on January 26, 1996. According to the President's message, the bill includes a total of $11.8 billion over 7 years for child care for welfare recipients, ex-welfare recipients, and working poor families at risk of becoming dependent on welfare. This is about $800 million above welfare-related mandatory child care funding in the vetoed version of H.R. 4. Both H.R. 4 and the President's new budget bill would also authorize $1 billion annually in discretionary funds for the CCDBG.

In its original budget request submitted for FY1996, the Clinton Administration proposed consolidation of state Dependent Care Grants and CDA Scholarships with the CCDBG. HHS budget documents stated that this consolidation would increase efficiency and reduce the number of federal grants. Also in an effort to improve child care coordination, in January 1995, HHS established a Child Care Bureau within the Administration for Children and Families to oversee all HHS child care programs.

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.

House Action

Legislative History of H.R. 4

The Personal Responsibility Act, as originally introduced (H.R. 4) and contained in the Contract with America, would have denied 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); would have allowed adult AFDC recipients to receive benefits for no longer than 2 years without participating in work or training activities; and would have prohibited any family from receiving benefits for more than 5 years.

Under H.R. 4 as originally introduced, existing child care programs under AFDC would have been maintained, and presumably, states could still have been required to guarantee child care for recipients who need such care to participate in education or training. However, the Act would have eliminated the states' entitlement to funding and would have capped the growth of AFDC, including its child care components.

The House passed a different version of the Personal Responsibility Act on March 24, which would eliminate the AFDC program altogether and replace it with a block grant to states for temporary assistance for needy families. The AFDC-related child care programs also would be repealed and replaced with a child care block grant, described below.

Proposed Child Care Block Grant

As passed by the House, the goals of the revised child care block grant would be: to allow states flexibility in developing child care programs and policies to best suit the needs of children and parents in the state; to promote parental choice so that working parents could make child care decisions that best suit their family's needs; to encourage states to provide consumer education information to help parents make informed choices; to help states provide child care to parents trying to become independent of public assistance; and to help states implement health, safety, licensing and registration standards established in state regulations.

Funding. As passed by the House, H.R. 4 would authorize $2.093 billion annually for child care. The program is an authorization and not an entitlement, so that the actual amount of funding available would be left to the discretion of the appropriations process and could be lower than the authorization. If the program were fully funded at the authorization level for 5 years, then almost $10.5 billion would be available for child care during that 5-year period, under the House bill. Programs that would be replaced by the expanded CCDBG include the existing CCDBG, the 3 AFDC-related child care programs, and several smaller child care programs (State Dependent Care Planning and Development Grants, CDA Scholarships, certain unfunded activities under Title X of the Elementary and Secondary Education Act, and Native Hawaiian Family Centers).

Each state's share of appropriated funds would be based on the state's FY1994 share of the four major child care programs to be replaced (CCDBG, AFDC Child Care, Transitional Child Care, and At-Risk Child Care). No nonfederal matching funds would be required, and the current law prohibiting the use of federal funds to supplant existing state or local spending would be eliminated. Amendments to impose a matching requirement or maintenance-of-effort provision were defeated during committee markup. (For state-by-state allocations, see *Welfare Reform: Estimated State Allocations Under the Proposed Child Care Block Grant*, CRS Report 95-365 EPW.)

Program Requirements. As required under current CCDBG law, states would submit an application and plan every 2 years. Some of the current law components of the state plan would be retained, including provisions assuring parental choice of providers, unlimited parental access to their children, and requiring the state to maintain a record of parent complaints. States would be required to collect and disseminate consumer education information to promote informed child care choices, although the current law provision that specifies exact categories of information would be eliminated. States would be required to certify that child care providers comply with all health, safety, licensing and regulatory requirements, including registration requirements, that apply under state and local law. States further would be required to describe these requirements and how they are enforced. However, the legislation would eliminate current law provisions requiring registration of unlicensed or unregulated providers, establishment of minimum health and safety standards, and explanations to the Secretary of any reductions in standards.

Use of Funds. States could use their child care block grant funds for child care services, activities to improve quality or availability of child care services, or for other activities chosen by the state to meet the program's goals. Current law provisions that reserve 25% of funds for quality improvement activities and for expansion of early childhood development and before and after-school activities would be eliminated. The bill would impose a new restriction on states, limiting their use of block grant funds for administrative expenses to no more than 5%. In addition, states would be allowed to transfer up to 20% of their child care block grant funds for use under several other programs, including the proposed block grant to replace AFDC, the proposed Child Protection Block Grant, proposed block grants to replace child nutrition and school feeding programs, and the Social Services Block Grant.

Under the proposal, states would no longer have to establish a sliding fee scale but would have to certify that child care subsidies are of sufficient size to assure that children receiving subsidized care have equal access to child care as children who do not qualify for assistance. Income eligibility provisions would be the same as current law; i.e., children whose family income does not exceed 75% of the state median and whose parents are either working or attending school or training, or who require protective services regardless of family income.

Reporting Requirements. As under current law, states would be required to submit annual reports to the Secretary, but with considerably more detailed information. Required data elements would include demographic characteristics of families receiving subsidized child care, sources of income and any other government assistance received by the family, information on child care providers, costs, consumer education information provided by the states, and parental complaints. States also must evaluate their progress toward meeting program goals.

Senate Action

Legislative History of Welfare Reform in the Senate

The Senate on September 19 passed its version of H.R. 4, called the Work Opportunity Act. Numerous amendments were adopted before the bill was passed, including an amendment developed by Senators Dole and Daschle, which added significant funding to the bill for child care.

Child Care for Welfare Recipients

Financing. Under Title I of the Work Opportunity Act, as passed by the Senate, AFDC and the three AFDC-related child care programs would be repealed and replaced with a single block grant to states for temporary assistance to needy families (TANF). States would have discretion in their use of these block grant funds; however, a portion of the TANF block grant would be earmarked for child care. Specifically, $16.8 billion would be authorized annually for the TANF block grant, which would be structured as a capped entitlement to states (in other words, states would be entitled to their share of the total amount authorized). Of the total TANF block grant, $981 million would be earmarked for child care each year. These amounts represent federal spending in FY1994 for AFDC and related activities, including the three AFDC-related child care programs. State allotments of the funds earmarked for child care would be based on amounts received for the three AFDC-related child care programs in FY1994.

Title I of the Senate-passed bill would not require states to match their TANF or TANF child care grants but would require states to maintain at least 80% of their expenditure levels in FY1994 for AFDC, related child care, emergency assistance, and JOBS. In addition, Title I of the Senate bill authorizes *and appropriates* a total of $3 billion, specifically for child care, to be distributed to states over the 5-year period from FY1996-FY2000, according to each state's proportion of At-Risk Child Care funds in FY1994. To qualify for these additional funds, states would be required to spend all of their TANF funds earmarked for child care and to maintain 100% of their level of spending for AFDC-related child care in FY1994. Once states have met these requirements, they would be eligible to receive these additional child care funds on a matching basis. The federal matching rate would be the same as that used in Medicaid, which varies according to state per capita income between 50% and 79%.

Thus, almost $8 billion over a 5-year period would potentially be available for child care under Title I of the Senate-passed bill: $4.9 billion ($981 million per year) earmarked within the TANF block grant, plus an additional $3 billion in child care matching funds. Funds for child care are also provided under Title VI of the Senate bill, which would reauthorize the Child Care and Development Block Grant (see below). Title I of the Senate bill provides that states could transfer up to 30% of their TANF block grant funds for use under the CCDBG.

Eligibility for Services. Like the House bill, the Senate bill would not establish an entitlement or guarantee to any individual for child care services. States would establish their own eligibility criteria for cash and child care assistance under TANF. States would have to meet mandatory work requirements; in other words, a specified percentage of each state's caseload would have to be engaged in work activities each year. States failing to meet these requirements would lose 5% of their subsequent year's allotment as a penalty. However, states could opt to exclude parents of children under age 1 from mandatory participation in work activities, and would not be required to include such individuals in the calculation of the minimum participation rate.

Further, states would not be allowed to reduce or end cash benefits under TANF to single custodial parents of children younger than age 6 who refuse to work because of a demonstrated inability to obtain child care. States could choose to allow such parents to satisfy mandatory work requirements by working no more than 20 hours per week. In addition, recipients who are participating in community service programs in which they provide child care to other recipients could be counted as meeting mandatory work requirements. Finally, the Senate bill encourages states to assign the highest priority to requiring adults in 2-parent families and single parents with older preschool or school-aged children to participate in work activities.

Reporting. States would submit reports to the Secretary of HHS on their use of block grant funds and would be required to include information on the amount of block grant funds used for child care and the types of child care provided, including information on child care provided to families that cease to be eligible for cash assistance because of employment, or that are not receiving cash assistance but would be at risk in the absence of subsidized child care.

Religious Providers. Under the TANF block grant, states would be authorized to provide services through contracts with charitable, religious and private organizations. In the case of religious organizations, provisions are included that are intended to prevent impairment of the religious character of the organization or the religious freedom of the recipients of services.

CCDBG Amendments

Title VI of the Work Opportunity Act would reauthorize the Child Care and Development Block Grant (CCDBG) through FY2000. For FY1996, $1 billion would be authorized; "such sums as necessary" would authorized for FYs 1997-2000. These funds would be provided to states in addition to amounts received for child care under Title I, described above. The legislation also would repeal state Dependent Care Grants and CDA Scholarship Assistance.

In addition to extending the CCDBG, the Senate-passed bill would make amendments to the program that differ from those in the House version of H.R. 4. For example, the quality improvement set-aside would be retained in the Senate bill, although it would be reduced from 25% to 15%. States would have somewhat greater flexibility in their use of these set-aside funds, but would be required to conduct resource and referral programs. Health and safety standards would be retained from the current CCDBG, with some modifications. Like the House bill, the Senate bill would place a 5% limit on administrative costs. However, unlike the House bill, the Senate bill would not repeal existing language prohibiting use of CCDBG funds to supplant other resources used for child care.

Eligibility criteria for CCDBG services under the Senate-passed bill would be increased from the current 75% of state median income to 100% of state median income. Also, the bill would continue the current law requirement that states develop sliding fee schedules.

Applicability of CCDBG Rules to Other Federal Child Care. In addition to amending the CCDBG, Title VI of the Senate bill provides that any federal funds used by a state for child care must be spent in accordance with CCDBG requirements, standards, criteria and regulations, with the exception of the 15% quality improvement set-aside, which would only apply to CCDBG funds. Presumably, this provision would apply to any funds available under Title I that are used for child care. However, Title I also contains a provision that specifies, *notwithstanding this provision in Title VI*, State welfare agencies would be responsible for determining eligibility for child care assistance funded under Title I.

Conference Committee Agreements

House-Senate conferees reached agreement on H.R. 4 late on December 20. The House and Senate passed the conference agreement (H.Rept. 104-430) on December 21 and 22. President Clinton vetoed the conference agreement on January 9. Congress earlier had incorporated a similar but not identical version of welfare reform into budget reconciliation legislation (H.R. 2491), which also was vetoed by President Clinton. The following describes the child care provisions contained in the conference agreement on H.R. 4, the omnibus welfare reform legislation.

Legislative Structure. The welfare reform agreement would authorize funds for child care in two places: under the Temporary Assistance for Needy Families (TANF) block grant that would be established to replace AFDC, and under a revised CCDBG, which would be reauthorized through FY2002. However, the legislation provides that child care funds authorized under TANF would be *transferred* to the state CCDBG agency and be subject to CCDBG requirements and limitations.

Financing and Allocations to States. H.R. 4 would authorize a total of $18 billion for child care over the 7-year period FY1996-2002, comprised of $11 billion in entitlement funds and $7 billion in discretionary funds. (This amount is $1 billion more than would have been provided under the welfare reform provisions contained in the vetoed reconciliation legislation.) Entitlement funds would be provided by continuing current law during FY1996, and by authorizing child care funds under TANF during FY1997-FY2002. Under the 3 existing AFDC-related child care programs, an estimated $1.15 billion in entitlement funds will be spent in FY1996. Under TANF, a total of $9.85 billion in entitlement child care funds would be authorized during FY1997-FY2002, starting at $1.3 billion in FY1997 and rising to $2.05 billion in FY2002.

Of the child care funds provided under TANF, a certain amount would be guaranteed to states each year. This guaranteed amount (approximately $990 million per year) is based on the greater of federal payments to states in FY1994 under previous AFDC child care programs, or the average of such payments in FY1992-1994. States would not have to match these funds but would generally have to maintain at least 75% of their nonfederal expenditure level in the immediately preceding fiscal year for cash assistance and related programs, including child care. Of the remaining TANF child care funds, states could receive allotments, up to the annual ceiling level, subject to a nonfederal match equal to the current Medicaid match and based on the formula currently used for AFDC at-risk child care.

Finally, a total of $7 billion in discretionary funds would be authorized for the CCDBG ($1 billion per year during FY1996-2002), to be distributed according to the current CCDBG formula. In addition, 1% of all child care funds (TANF and CCDBG) would be reserved for distribution to Indian tribes and tribal organizations.

State Administration. As stated above, child care funding authorized under TANF would be transferred to the CCDBG agency, integrated into the state CCDBG program and subject to CCDBG requirements and limitations. The agreement specifies that states could use no more than 3% of their total child care allotments for administrative costs; it would also allow state lead agencies to administer funds through other "governmental or nongovernmental" agencies instead of other "state" agencies.

Eligibility and Targeting. Adult recipients of cash assistance under TANF would have their benefits reduced or terminated if they failed to engage in work activities required by the state. However, states would be prohibited from reducing or ending benefits if the adult recipient is a single custodial parent of a child younger than 6 and refuses to work because of a demonstrated lack of child care. Of funds made available for child care under TANF, states would have to use at least 70% per year for child care assistance to families who are either receiving welfare under TANF, trying to make the transition off TANF through work activities, or at risk of becoming dependent on TANF. States would describe in their state plans the manner in which they would meet the child care needs of these families. After meeting this 70% requirement, states would be directed to use a "substantial portion" of remaining funds for low-income working families other than the welfare-dependent ar at-risk families described above. The eligibility criteria for CCDBG would be raised to 85% (from 75%) of state median income.

Payment Rates and Sliding Fee Scales. Certain CCDBG provisions in current law would remain in effect; e.g., requiring payment rates that will ensure equal access for children receiving subsidies under the program to comparable child care services provided to children whose parents are not eligible for subsidies and requiring sliding fee scales.

Standards and Regulation. States would have to certify that they have child care licensing requirements. The Secretary of HHS would establish minimum child care standards for Indian tribes. Current CCDBG provisions requiring registration of unlicensed providers and requiring establishment and enforcement of health and safety standards would be eliminated.

Quality and Availability Improvement. The conference agreement would reserve 3% of all funds received for child care (TANF and CCDBG) for activities designed to provide comprehensive consumer education to parents and the public, to increase parental choice, and to improve the quality and availability of child care, such as resource and referral. In their state plans, states also would be required to certify that they will collect and disseminate consumer education information to parents and the public that will promote informed child care choices. Current provisions that reserve 25% of CCDBG funds for activities to improve quality and expand availability would be eliminated.

Reporting and Evaluation. States would be required to submit to HHS on a quarterly basis data on families served by the program. Additional data on services provided and costs would be submitted on a semi-annual basis.

LEGISLATION

The following does not list all welfare reform proposals in the 104th Congress even though many of them address child care issues. For a comprehensive review of welfare reform legislation, see *Welfare Reform*, CRS Issue Brief 93034, regularly updated.

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

Personal Responsibility Act (Contract with America bill). Welfare reform bill introduced January 4, 1995; referred to House Ways and Means and other House committees. On February 13-15, 1995, the Ways and Means Subcommittee on Human Resources approved an alternative bill to replace AFDC and child welfare programs with block grants, and to repeal statutory authority for AFDC child care programs. Passed by the House on March 24, 1995, with the text of H.R. 1214 (see below) inserted in lieu of original text. Referred to Senate Finance Committee; substitute approved on May 26 (S.Rept. 104-96). Modified version of Senate Finance Committee bill incorporated into Republican Leadership welfare reform bill (see S. 1120, below). Considered in Senate August 5-8; passed on September 19, 1995. Conference agreement (H.Rept. 104-430) filed on December 20, 1995; passed by the House on December 21 and the Senate on December 22, 1995. Vetoed by President Clinton on January 9, 1996.

H.R. 999 (Goodling)

Welfare Reform Consolidation Act. Amends the Child Care and Development Block Grant to create an expanded block grant to states to replace other federal child care programs; creates a Family Nutrition Block Grant and School-Based Nutrition Block Grant to replace child nutrition and school feeding programs. Introduced February 21, 1995; referred to House Economic and Educational Opportunities Committee and Ways and Means Committee. Reported by Opportunities Committee on March 10, 1995 (H.Rept.104-75, Part 1). See H.R. 1214 for further action.

H.R. 1157 (Archer)

Welfare Transformation Act. Creates a block grant to replace AFDC and a block grant to replace child welfare programs; restricts alien eligibility for federal programs; amends SSI and child support enforcement; repeals existing AFDC child care programs. Introduced and ordered reported by House Ways and Means Committee on March 8, 1995. Report filed on March 15, 1995 (H.Rept. 104-81, Part 1). See H.R. 1214 for further action.

H.R. 1214 (Archer, Goodling, Roberts)

Personal Responsibility Act. Omnibus welfare reform package; would replace AFDC with a block grant; replace child welfare programs with Child Protection Block Grant; replace child care programs with revised Child Care and Development Block Grant; replace child nutrition programs with two block grants; restrict alien eligibility for public assistance programs; amend food stamps, Supplemental Security Income, and child support enforcement. (Contains provisions approved by House Ways and Means Committee in H.R. 1157, Economic and Educational Opportunities Committee in H.R. 999, and Agriculture Committee in H.R. 1135.) Introduced March 13, 1995; referred to House Ways and Means, Economic and Educational Opportunities, Agriculture, and other House committees. Text inserted in H.R. 4 (in lieu of original text of H.R. 4) and passed on March 24, 1995.

H.R. 2127 (Porter)

FY1996 Labor-Health and Human Services-Education Departments Appropriations Act. Contains FY1996 appropriations for child care programs. Reported by House Appropriations Committee on July 27, 1995 (H.Rept. 104-209). Passed House on August 4, 1995. Reported by Senate Appropriations Committee on September 15 (S.Rept. 104-145).

H.R. 2491 (Kasich)

Seven-Year Balanced Budget Reconciliation Act. Includes welfare reform provisions. Passed House October 26, 1995; passed Senate (in lieu of S. 1357) October 28, 1995. Conference agreement (H.Rept. 104-350) passed House November 17 and passed Senate November 20; sent to the White House November 30. Vetoed by President Clinton on December 6, 1995.

H.R. 3266 (Tanner)
Bipartisan Welfare Reform Act of 1996. Similar child care provisions to H.R. 4, except includes additional funds for child care, as recommended by National Governors Association. Introduced April 17, 1996; referred to multiple committees.

S. 850 (Kassebaum)
Child Care and Development Block Grant Amendments Act of 1995. Reauthorizes CCDBG through FY2000 with some changes; consolidates state Dependent Care Grants and CDA Scholarship Assistance into the CCDBG. Introduced May 24, 1995; approved by Senate Labor and Human Resources Committee on May 26. Report filed on June 8 (S.Rept. 104-94). Provisions modified and incorporated into Republican Leadership welfare reform bill (see S. 1120, below).

S. 1117 (Daschle)
Work First Act of 1995. Senate Democratic leadership welfare reform bill. Introduced on August 3, and offered on August 8 with 30 co-sponsors as amendment number 2282 to H.R. 4. Modifications made on August 11. Amendment was defeated on September 7.

S. 1120 (Dole)
Work Opportunity Act of 1995. Senate Republican leadership welfare reform bill. Introduced on August 3. Revised version offered on August 5 with 36 co-sponsors as amendment number 2280 to H.R. 4. Further modifications made on August 11. Amendment 2280 was further modified and amended and passed Senate on September 19 (see H.R. 4, above).

FOR ADDITIONAL READING

U.S. General Accounting Office. *Child Care: Child Care Subsidies Increase Likelihood that Low-Income Mothers Will Work.* GAO/HEHS-95-20, December 1994.

----- *Child Care: Current System Could Undermine Goals of Welfare Reform.* GAO/T-HEHS-94-238, September 20, 1994.

----- *Child Care: Narrow Subsidy Programs Create Problems for Mothers Trying to Work.* GAO/T-HEHS-95-69, January 31, 1995.

----- *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. *Appropriations for FY1996: Labor, Health and Human Services, and Education*, by Paul Irwin. Regularly updated, 32 pp.
CRS Report 95-633

----- *Child Care: A Comparison of House and Senate Legislation*, by Karen Spar. September 20, 1995, 6 pp.
CRS Report 95-696 EPW

----- *Child Care Provisions in Welfare Reform, H.R. 4*, by Karen Spar. December 21, 1995, 2 pp.
CRS Report 95-1144 EPW

----- *Child Nutrition: Issues in the 104th Congress,* by Joe Richardson and Jean Yavis Jones. Regularly updated.
CRS Issue Brief 95047

----- *Child Welfare, Child Abuse and Related Issues in the 104th Congress*, by Karen Spar. Regularly updated.
CRS Issue Brief 95029

----- *Head Start in the 104th Congress*, By Molly Forman. March 6, 1996, 6 pp.
CRS Report 95-431

----- *Military Child Care Provisions: Background and Legislation*, by David F. Burrelli and Kristin Archick. September 14, 1995, 25 pp.
CRS Report 95-985

----- *Welfare Reform*, by Vee Burke. Regularly updated.
CRS Issue Brief 93034

----- *Welfare Reform: Estimated State Allocations under the Proposed Block Grant for Temporary Assistance to Needy Families*, by Gene Falk. December 21, 1995, 6 pp.
CRS Report 95-377

----- *Welfare Reform: Omnibus House Republican Bill*, by Vee Burke, Joe Richardson, Carmen Solomon, Karen Spar, and Joyce Vialet. April 5, 1995, 6 pp.
CRS Report 95-375 EPW

----- *Welfare Reform: The Senate-Passed Bill (H.R. 4)*, by Vee Burke, Joe Richardson, Carmen Solomon, Karen Spar, Joyce Vialet, Louis A. Talley, and Larry Eig. September 22, 1995, 6 pp.
CRS Report 95-991

94-172 EPW
February 25, 1994

CRS Report for Congress

Congressional Research Service • The Library of Congress

Federal Child Care Programs: Background and FY 1995 Budget Information

Anne C. Stewart
Analyst in Social Legislation
Education and Public Welfare Division

SUMMARY

The Federal Government funds several child care assistance programs. The major programs providing direct assistance to families through State grant programs are targeted on low-income and welfare families. Yet the largest single source of Federal funding for child care is provided through a tax credit, largely to middle and upper income families. President Clinton's FY 1995 budget request to Congress proposes to consolidate several child care discretionary programs under the existing Child Care and Development Block Grant and increase that program's funding to $1.1 billion in FY 1995. The proposed budget also projects increased spending for child care entitlement programs authorized by Title IV-A of the Social Security Act.

INTRODUCTION

Federal Government assistance for child care has expanded in recent years to help meet the needs of the growing population of married-couple and single-parent working families. Assistance is provided under several different child care assistance programs. Although most are operated as State grant programs, they have different requirements regarding eligibility, funding, and other program features. For three of the programs, a family's eligibility for assistance is tied to its relationship to the welfare system, with one program aimed at welfare recipients in work or training, one for those transitioning off of welfare, and one targeted on families "at-risk" of going on welfare. The welfare-related programs are operated as "entitlement" programs whereby the payment of benefits is made automatically to persons or States that meet the eligibility requirements established by the authorizing legislation. The largest Federal child care assistance program targeted on low- income families in general, the Child Care and Development Block Grant, is a "discretionary" program. As such, its resources are controlled by Congress during the annual appropriations process. Amounts appropriated are not sufficient to serve all eligible clients.

The largest single source of Federal funding for child care assistance is provided to families *indirectly*, through a tax credit that taxpayers can claim for employment-related child care expenses. The dependent care tax credit (DCTC) is applied to taxes owed. Because it is non-refundable, families without any tax liability--such as poor families--are ineligible. Total tax revenue loss to the Federal Government for DCTC in FY 1995 is estimated at $2.8 billion.

Other Federal programs support child care and related assistance as a component of a program's broader purpose. The Job Training Partnership Act, for example, allows a portion of funds to be used for providing "supportive services," including child care, to program participants.

This report briefly describes the major Federal programs that assist families to pay for child care or support child care-related activities, such as providing training or food assistance. The program descriptions are followed by a discussion of the President's FY 1995 child care budget request to Congress and a child care budget table.

MAJOR FEDERAL CHILD CARE PROGRAMS

Discretionary Programs

Child Care and Development Block Grant. Grants to States for child care activities are authorized through FY 1995. State allocations are based on a formula that takes into account the State's population of low-income children and State per capita income. No match is required. States must use 25 percent of their grants for improving the overall quality of child care and providing child care for school-age children. The remaining 75 percent of funds must be used to pay for child care services, though up to 10 percent of this portion can be used for activities to improve the quality and availability of care and administrative costs. Families with income up to 75 percent of the State median income level are eligible for subsidies.

State Dependent Care Planning and Development Grants. Grants to States for dependent care services are authorized through FY 1994. State allocations are based on State total population. The Federal matching rate is 75 percent. States are required to spend 40 percent of their grants on resource and referral systems for services for children and/or the elderly and 60 percent on school-age child care programs. States have discretion in determining eligibility.

Child Development Associate Credential (CDA) Scholarship. Grants to States for CDA scholarships are authorized through FY 1994. State allocations are based on a State's total population and no match is required. Funds are used to cover the cost of earning a CDA; up to 35 percent of a State's allocation can pay for training requirements related to credentialing. Individuals whose income does not exceed 130 percent of the Lower Living Standard by more than 50 percent are eligible for CDA scholarship assistance.

Temporary Child Care and Crisis Nurseries. Demonstration grants to States are authorized through FY 1995 to support emergency temporary child care arrangements for children with special needs to alleviate stress among children and their families and for abused and neglected children, or those at risk of abuse. Grants are awarded competitively. Family eligibility requirements are State-determined.

Child Care Licensing Improvement Grants. Federal matching grants to States are authorized through FY 1994 for enforcing child care State licensing and registration requirements for care funded under the Aid to Families with Dependent Children (AFDC) child care program, the Transitional Child Care program, and the At-Risk Child Care program. States must spend 50 percent of their grants for training child care providers. State allocations are based on the AFDC child population. Funds were not appropriated for this program for FY 1993 through FY 1994.

Entitlement Programs

Social Services Block Grant (Title XX). Grants to States are permanently authorized for a wide range of social services, including child care. The program is a "capped entitlement" under which States are entitled to funds up to State allocation limits determined by a population-based formula. No matching funds are required. Most States use some portion of their Title XX grants for child care, but it is not known how many Title XX dollars are spent for this purpose.

Child and Adult Care Food. Federal funds are permanently authorized on an open-ended entitlement basis for financial assistance for meals served to children in licensed child care centers and family or group day care homes, and to disabled and elderly persons in certain adult day care facilities. (The adult day care portion of the program constitutes about 1 percent of program funding.) All children enrolled in licensed centers are eligible for meal subsidies, though the amount of subsidy is based on need. Meals provided in child care group or home settings are subsidized at the same rate, without regard to family income.

AFDC Child Care. Federal matching funds are permanently authorized and provided to States, on an open-ended entitlement basis, for the child care costs of AFDC recipients who need care in order to accept employment, remain employed, or participate in certain education and training programs. The Federal matching rate of a State's child care payments is based on the State's Medicaid rate, which varies according to State per capita income and ranges between 50 and 83 percent.

Transitional Child Care. Federal matching funds are permanently authorized and provided to States, on an open-ended entitlement basis, for up to 1 year of child care costs for persons who lose AFDC because of increased hours of, or increased income from employment and they need child care in order to work. The program is operated under the same rules as the AFDC child care program, except that families must contribute to the cost of care based on a sliding fee scale.

At-Risk Child Care. Grants to States are permanently authorized on a "capped entitlement" basis for child care for low-income families who are *not* receiving AFDC, need child care in order to work, and are "at-risk" of becoming welfare recipients if child care is not provided. The matching rate is the State's Medicaid rate, which varies by State.

Tax Expenditure Program

Child and Dependent Care Tax Credit (DCTC). A non-refundable credit against income tax liability is available for up to 30 percent of a limited amount of employment-related child care expenses. Such expenses are limited to $2,400 for one child or $4,800 for two or more children. The percentage used to calculate the credit depends on the taxpayer's adjusted gross income. The maximum credit amount is $720 for one child and $1,440 for two or more children.

FY 1995 BUDGET ACTIVITY

President Clinton's FY 1995 budget request proposes to consolidate smaller discretionary child care assistance programs into the Child Care and Development Block Grant (CCDBG) program. Specifically, the proposal calls for eliminating funds for the State Dependent Care and Planning Grants program, the Temporary Child Care and Crisis Nurseries program, and the CDA program (for a total cut of $26 million) and increasing CCDBG funds from $893 million to $1.1 billion (for a total increase of $198 million). HHS intends the consolidation 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."[1] The budget proposal does not indicate whether the Administration would propose legislation authorizing CCDBG to provide services currently provided under the programs that would be eliminated, such as CDA training.

With regard to the child care entitlement programs, the President anticipates increased Federal spending for child care for families receiving and transitioning off of AFDC.

[1] U.S. Department of Health and Human Services. *The Fiscal Year 1995 Budget.*

Major Federal Child Care Programs (in millions)			
Discretionary (appropriations)	**FY 1993**	**FY 1994**	**FY 1995 Request**
Child care and development block grant	$892.7	$892.7	$1,091.0
State dependent care and planning grants	12.9	12.9	0
Child development associate credential	1.4	1.4	0
Temporary child care and crisis nurseries	11.9	11.9	0
Child care licensing and improvement grants	0	0	0
Entitlement (appropriations)			
Child and adult care food	1,221.0	1,468.0	1,643.0
Social services block grant (title XX)	2,700.0	2,700.0	2,700.0
AFDC child care	482.4	528.0	555.0
Transitional child care	113.2	140.4	156.0
At-risk child care	264.3	361.4	300.0
Tax expenditure (revenue loss estimates)			
Dependent care tax credit	2,540.0	2,675.0	2,820.0

Sources: U.S. Government FY 1995 budget documents.

103D CONGRESS
2d Session

COMMITTEE PRINT

WMCP: 103–27

[EXCERPTS]

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

OVERVIEW OF ENTITLEMENT PROGRAMS

1994 GREEN BOOK

BACKGROUND MATERIAL AND DATA ON PROGRAMS WITHIN THE JURISDICTION OF THE COMMITTEE ON WAYS AND MEANS

JULY 15, 1994

Prepared for the use of Members of the Committee on Ways and Means by members of its staff. This document has not been officially approved by the Committee and may not reflect the views of its Members

U.S. GOVERNMENT PRINTING OFFICE
76–166 WASHINGTON : 1994

For sale by the U.S. Government Printing Office
Superintendent of Documents, Mail Stop: SSOP, Washington, DC 20402-9328
ISBN 0-16-044655-4

Section 12. Child Care

INTRODUCTION

Child care has been the focus of heightened attention in recent years. The most significant factor influencing this trend has been the dramatic increase in the labor force participation of mothers. Currently, in a majority of American families with children—even those with very young children—the mother is in the labor force. Increased interest in child care also derives from concerns that some mothers are kept out of the labor force because of child care problems. Poor single mothers in pursuit of greater self-sufficiency for their families may be especially vulnerable. Though child care is viewed primarily as a support for families that enables mothers to work outside of the home, it is also often regarded as a potential source of enrichment services for children aimed at enhancing their development. The demand for preschool services with an early childhood development focus has increased among mothers working both within and outside of the home. Improving the availability of these services to poor children through programs such as Head Start is of particular concern since research has found that these children may especially benefit from early intervention.

Concerns that child care may be in short supply, not of good enough quality, or too expensive for many families escalated during the late 1980s into a national debate over the nature and extent of the Nation's child care problems and what, if any, Federal interventions would be appropriate. The debate culminated in the enactment of legislation in 1990 that expanded Federal support for child care by establishing two new State child care grant programs. The programs—the Child Care and Development Block Grant and the At-Risk Child Care program—were enacted as part of the Omnibus Budget Reconciliation Act of 1990 (P.L. 101–508). These new programs were preceded by enactment of a major welfare reform initiative, the Family Support Act of 1988 (P.L. 100–485), which authorized expanded child care assistance for welfare families and families leaving welfare. These new Federal child care initiatives reflect a significant shift in the emphasis of the child care policy debate, from discussions about whether the Federal Government should have an expanded role in child care to questions about what that role should be. Issues currently receiving attention include questions about how the new programs are being implemented at the Federal and State levels, what effect the programs will have on improving the availability and quality of child care, and how Federal child care programs will be integrated and/or coordinated with each other and State and local programs. In addition, the emerging debate on welfare reform has focused interest on the child care needs of families transitioning off of welfare, and of other low-income working families.

This chapter provides background information on the major indicators of the demand for and supply of child care, and the current Federal role in child care including a summary description of the major Federal programs that currently fund child care services.

Labor Force Participation of Mothers

The dramatic increase in the labor force participation of mothers is commonly regarded as the most significant factor fueling the increased demand for child care services. A person is defined as participating in the labor force if he or she is working or seeking work. As shown in table 12–1, in 1947, just following World War II, slighty over one-fourth of all mothers with children between the ages of 6 and 17 were in the labor force. In 1993 three-quarters of such mothers were labor force participants. The increased labor force participation of mothers with younger children has also been dramatic. In 1947, it was unusual to find mothers with a preschool-age child in the labor force (only about 12 percent of all mothers with children under the age of 6 were in the labor force at that time). In 1993, nearly 60 percent of mothers with preschool-age children were in the labor force, a rate nearly 5 times higher than in 1947. Women with infant children have become increasingly engaged in the labor market as well. Today, over half of all mothers whose youngest child is under age 2 are in the labor market, while in 1975 less than one-third of all such mothers were labor force participants.

The rise in the number of single parent families has also contributed to increased demand for child care services. Single mothers with children represent a greater share of all families with children today than in the past; they also represent a larger share of the labor force today than ever before. Compared to married mothers with children, the labor force participation of single mothers (especially divorced mothers) has always been high. In recent years, however, married mothers with young children have especially increased their labor involvement, with rates of labor force participation approaching, and in some cases exceeding, those of single mothers (see table 12–2).

Mothers' attachment to the labor force differs depending upon the age of their youngest child and marital status, as tables 12–2 and 12–3 show. Table 12–3 provides a detailed breakdown of the labor force participation of women for March 1993, by marital status and the age of the youngest child. Among those with children under 18, divorced women have the highest labor force participation rates, followed by married and separated women. Widowed and never-married women have lower labor force participation rates.

As this table illustrates, no matter what the marital status of the woman, labor force participation rates tend to increase as the age of the youngest child increases. This is most pronounced for never-married women, whose participation rates exceed those of all but divorced women when their youngest child is between 14 and 17 years of age. Among all women with children under 18, 54 percent of those with a child under 3 participate, 64 percent of those whose youngest child is between 3 and 5 participate, and 75 percent of those whose youngest child is between 6 and 17 participate.

TABLE 12–1.—LABOR FORCE PARTICIPATION RATES OF WOMEN, BY PRESENCE AND AGE OF YOUNGEST CHILD, SELECTED YEARS, 1947–93

	No children under 18	With children under age 18				
		Total	Age 6 to 17 only	Under age 6		
				Total	Under 3	Under 2
April 1947	29.8	18.6	27.3	12.0	N/A	N/A
April 1950	31.4	21.6	32.8	13.6	N/A	N/A
April 1955	33.9	27.0	38.4	18.2	N/A	N/A
March 1960	35.0	30.4	42.5	20.2	N/A	N/A
March 1965	36.5	35.0	45.7	25.3	21.4	N/A
March 1970	42.8	42.4	51.6	32.2	27.3	N/A
March 1975	45.1	47.3	54.8	38.8	34.1	31.5
March 1980	48.1	56.6	64.3	46.8	41.9	39.2
March 1981	48.7	58.1	65.5	48.9	44.3	42.0
March 1982	48.6	58.5	65.8	49.9	45.6	43.3
March 1983	48.7	58.9	66.3	50.5	46.0	44.5
March 1984	49.3	60.5	68.1	52.1	47.6	46.4
March 1985	50.4	62.1	69.9	53.5	49.5	48.0
March 1986	50.5	62.8	70.4	54.4	50.8	49.2
March 1987	50.5	64.7	72.0	56.7	52.9	51.9
March 1988	51.2	65.0	73.3	56.1	52.5	50.8
March 1989	51.9	65.7	74.2	56.7	52.4	51.7
March 1990	52.3	66.7	74.7	58.2	53.6	52.1
March 1991	52.0	66.6	74.4	58.4	54.5	53.8
March 1992	52.3	67.2	75.9	58.0	54.5	54.3
March 1993	52.1	66.9	75.4	57.9	53.9	54.2

Source: Department of Labor, Bureau of Labor Statistics.

TABLE 12-2.—LABOR FORCE PARTICIPATION RATES OF WOMEN WITH CHILDREN, BY MARITAL STATUS AND AGE OF YOUNGEST CHILD, MARCH OF SELECTED YEARS

[In percent]

	1960	1970	1980	1986	1987	1988	1989	1990	1991	1992	1993	Percent increase, 1970–93
All women with children	[1] 30.4	[1] 52.9	56.6	62.8	64.7	65.0	65.7	66.7	66.6	67.2	66.9	26.5
Married women:												
Youngest under 6	18.6	30.3	45.0	53.8	56.8	57.1	57.4	58.9	59.9	59.9	59.6	96.7
Youngest 6 or over	39.0	49.2	61.8	68.4	70.6	72.5	73.4	73.6	73.6	75.4	74.9	52.2
Separated women:												
Youngest under 6	NA	45.4	52.2	57.4	55.1	53.0	54.9	59.3	52.2	55.7	52.1	14.8
Youngest 6 or over	NA	60.6	66.6	70.6	72.6	69.3	68.0	75.0	74.7	71.6	71.6	18.2
Divorced women:												
Youngest under 6	NA	63.3	68.3	73.8	70.5	70.1	66.3	69.8	68.5	65.9	68.1	7.6
Youngest 6 or over	NA	82.4	82.3	84.7	84.5	83.9	85.7	85.9	84.6	85.9	83.6	1.5
Never-married women:												
Youngest under 6	NA	NA	44.1	47.5	49.9	44.7	48.9	48.7	48.8	45.8	47.4	NA
Youngest 6 or over	NA	NA	67.6	65.9	64.1	67.1	69.0	69.7	64.8	67.2	70.2	NA

[1] Excludes never-married women.

Source. Department of Labor, Bureau of Labor Statistics.

TABLE 12-3.—LABOR FORCE PARTICIPATION RATES OF WOMEN WITH CHILDREN UNDER 18, MARCH 1993, BY MARITAL STATUS AND AGE OF YOUNGEST CHILD

	Age of youngest child						
	Under 3	Under 6	Under 18	3 to 5	6 to 13	6 to 17	14 to 17
All women with child under 18	53.9	57.9	66.9	63.7	75.0	75.4	76.5
Married, spouse present	57.5	59.6	67.5	63.1	74.7	74.9	75.6
Divorced	62.9	62.1	79.1	71.7	83.7	83.6	83.2
Separated	44.5	52.1	62.5	60.7	72.1	71.6	70.2
Widowed	47.2	50.4	58.4	50.4	49.4	60.5	71.6
Never-married	39.2	47.4	54.4	64.2	68.0	70.2	79.8

Source: Department of Labor, Bureau of Labor Statistics.

While there has been a substantial increase in the proportion of mothers in the labor force, the data can be misleading. Although 67 percent of mothers participated in the labor force in 1993, table 12–4 shows 46 percent worked full time and 16 percent worked part time. Another 4 percent were actively seeking a job. (Full time work is defined as 35 or more hours per week; part time work is defined as 34 hours or less.) Thirty-seven percent of mothers with children under age 6 worked full time, and 16 percent worked part time. As the table demonstrates, how much mothers work differs according to their marital status and the age of their children. Forty-six percent of married women with children worked full time; thus, over 50 percent either didn't work at all or worked part-time. Some 64 percent of all divorced mothers worked full time; 51 percent of divorced mothers with children under 6 worked full time. Only 33 percent of never-married mothers worked full time, and 11 percent worked part time.

CHILD CARE ARRANGEMENTS USED BY WORKING MOTHERS

Data are collected periodically by the Census Bureau on the types of child care arrangements used by families with working mothers. In using the data, note that they are derived from a survey in which mothers are asked about child care arrangements used by the family while the mother works. Because the survey asks about substitute *maternal* care (both paid and unpaid), it provides information on categories of care that generally are not considered child care (such as care provided by the father, even in cases where the father does not work at all, and school attendance). Further, the survey does not gather information on the child care arrangements used by the family while the father works. Though information is collected on the arrangements of families in which there is only a father present, it is considered too negligible to report.

TABLE 12–4.—LABOR FORCE PARTICIPATION RATES OF MOTHERS BY FULL OR PART-TIME EMPLOYMENT STATUS, MARCH 1993[1]

[In percent]

	With children under 18	With children under 6
All mothers:		
Employed full time	46	37
Employed part time	16	16
Married, spouse present:		
Employed full time	46	38
Employed part time	18	17
Divorced:		
Employed full time	64	51
Employed part time	10	11
Never married:		
Employed full time	33	26
Employed part time	11	11

[1] Full-time workers work 35 hours or more per week, part-time workers work 1 to 34 hours a week.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The most recent Census Bureau statistics on child care arrangements in the United States are based on data collected for the period September to December 1991 (Fall 1991).[1] These data indicate that the types of child care arrangements used by families while the mother works vary depending on the age of the child, as well as the mother's work schedule, marital status and family income level. Table 12–5 shows the distribution of primary child care arrangements provided for preschoolers (children under age 5) and school-age children (children ages 5 to 14 years), by marital status and mother's work schedule. "Primary" child care arrangement refers to the arrangement used most frequently during a typical work week.

Families of preschoolers with working mothers rely more on care provided in an organized child care facility (25 percent), than on family day care (18 percent). Relative ,care is used for 24 percent of preschool children. Many families with young children do not rely on others for help with child care arrangements while the mother works, using parental care (29 percent), especially care by fathers (20 percent). Only 5 percent of families rely on care provided in the child's home by a nonrelative.

Preschool children of part-time employed mothers are much less likely to be cared for at an organized child care facility or by a family day care provider, and more likely to be cared for by a parent, than children of full-time employed mothers. Children of employed single mothers are much more likely to be cared for by a relative than children of married mothers.

[1] "Who's Minding the Kids? Child Care Arrangements, Fall 1991", U.S. Dept. of Commerce, Bureau of the Census, Series P 70–36, 1994. Data on child care arrangements of working mothers are based on the Survey of Income and Program Participation (SIPP).

TABLE 12–5.—PRIMARY CHILD CARE ARRANGEMENTS OF CHILDREN UNDER 15 WITH AN EMPLOYED MOTHER, BY MARITAL AND EMPLOYMENT STATUS OF THE MOTHER, FALL 1991

[In percent]

Age of child and type of arrangement	Mothers with children under 5 years			Mothers with children 5 to 14 years		
	Total	Employed full time	Employed part time	Total	Employed full time	Employed part time
	ALL MARITAL STATUSES					
Children of employed mothers (in thousands)	9,854	6,188	3,666	21,220	14,646	6,574
Percent	100.0	100.0	100.0	100.0	100.0	100 0
Care in child's home	15.7	15.2	16.6	4.0	4.4	3.1
By grandparent	7.2	6.5	8.3	1.2	1.7	0.3
By other relative	3.2	2.8	3.8	1.9	1.6	2.5
By nonrelative	5.3	5.9	4.5	0 9	1.2	0.3
Care in another home	31.0	35.0	24.2	3.6	3.7	3.3
By grandparent	8.6	9.0	7.9	1.2	1.3	0.9
By other relative	4.5	5.4	2.9	1.0	0.9	1.1
By nonrelative[1]	17.9	20.6	13.3	1.4	1.5	1.3
Organized child care facilities	24.6	29.9	15.7	81.1	83.9	75.1
Day/group care center	15.8	19.3	9.7	1.4	1.8	0.6
Nursery school/preschool	7.3	8.5	5.2	0.5	0.5	0.5
Kindergarten/grade school	1.1	1.4	0.5	76.2	78.4	71.4
School-based activity	0.5	0.6	0.3	3.0	3.2	2.6
Parental care	28.7	19.9	43.5	8.6	5.3	15.9
By father	20.0	14.8	28.9	6.6	4.1	12.2
By mother at work[2]	8.7	5.2	14.6	2.0	1.2	3.7
Child cares for self	....	....	....	2.7	2.7	2.5
	MARRIED, HUSBAND PRESENT					
Children of employed mothers (in thousands)	8,048	4,917	3,131	16,625	10,975	5,650
Percent	100.0	100.0	100.0	100.0	100.0	100.0
Care in child's home	13.7	12.6	15.4	2.9	3.3	3.5
By grandparent	5.6	5.2	6.4	0.9	1.4	....
By other relative	2.5	1.5	4.1	1.4	1.2	1.9
By nonrelative	5.5	5.9	4.9	0.5	0.7	0.1
Care in another home	29.5	34.7	21.4	2.5	2.7	2.0
By grandparent	8.1	9.1	6.6	0.9	1.1	0.5
By other relative	4.2	5.6	2.2	0.6	0.6	0.5
By nonrelative[1]	17.1	20.0	12.6	1.0	1.0	1.0
Organized child care facilities	24.1	29.7	15.3	81.8	84.6	76.2
Day/group care center	15.6	19.8	9.1	1.5	2.1	0.3
Nursery school/preschool	7.1	8.0	5.7	0.5	0.5	0.5

TABLE 12-5.—PRIMARY CHILD CARE ARRANGEMENTS OF CHILDREN UNDER 15 WITH AN EMPLOYED MOTHER, BY MARITAL AND EMPLOYMENT STATUS OF THE MOTHER, FALL 1991—Continued

[In percent]

Age of child and type of arrangement	Mothers with children under 5 years			Mothers with children 5 to 14 years		
	Total	Employed full time	Employed part time	Total	Employed full time	Employed part time
Kindergarten/grade school	0.8	1.1	0.4	76.5	78.4	72.9
School-based activity	0.6	0.8	0.2	3.3	3.7	2.4
Parental care	32.8	23.1	48.0	10.9	7.1	18.3
By father	22.9	17.0	32.4	8.4	5.5	14.0
By mother at work [2]	9.8	6.1	15.6	2.5	1.6	4.3
Child cares for self	....	....	....	2.0	2.2	1.5
	ALL OTHER MARITAL STATUSES [3]					
Children of employed mothers (in thousands)	1,806	1,270	536	4,595	3,671	924
Percent	100.0	100.0	100.0	100.0	100.0	100.0
Care in child's home	24.6	25.0	23.9	8.2	7.8	11.7
By grandparent	14.1	11.8	19.4	2.3	2.4	2.2
By other relative	6.0	7.7	2.2	3.5	2.8	6.3
By nonrelative	4.5	5.5	2.2	2.4	2.6	1.5
Care in another home	37.6	36.4	40.5	7.4	6.5	11.3
By grandparent	10.7	8.6	15.7	2.1	1.8	3.6
By other relative	5.6	5.0	6.9	2.3	1.7	4.7
By nonrelative [1]	21.3	22.8	17.7	3.0	3.0	3.1
Organized child care facilities	27.0	30.8	18.1	78.9	81.5	68.4
Day/group care center	16.3	17.6	13.4	1.2	0.9	2.3
Nursery school/preschool	8.1	10.6	2.4	0.5	0.5	0.6
Kindergarten/grade school	2.2	2.6	1.1	75.1	78.5	61.8
School-based activity	0.3	....	1.1	2.0	1.6	3.7
Parental care	10.7	7.9	17.5	0.3	....	1.6
By father	7.0	6.3	9.0	0.3	....	1.6
By mother at work [2]	3.7	1.6	8.6	....	....	....
Child cares for self	....	....	....	5.1	4.2	8.7

[1] Care in another's home by a nonrelative is known as "family day care."
[2] Includes women working at home or away from home.
[3] Includes married, husband absent (including separated), widowed, divorced, and never married women.

Source: Derived from "Who's Minding the Kids? Child Care Arrangements: Fall 1991," U.S. Department of Commerce, Bureau of the Census, Series P 70–36, 1994.

TABLE 12-6.—AFTER-SCHOOL CHILD CARE ARRANGEMENTS USED BY EMPLOYED MOTHERS FOR CHILDREN 5–14, FALL 1991

Type of arrangement	Number (in thousands)	Percent
Total children	21,220	100.0
Care in child's home	2,359	11.2
By grandparent	616	2.9
By other relative	1,222	5.8
By nonrelative	521	2.5
Care in another home	2,647	12.5
By grandparent	961	4.5
By other relative	543	2.6
By nonrelative [1]	1,143	5.4
Organized child care facilities	2,105	9.9
Day/group care center	906	4.3
Nursery school/preschool	117	0.5
School-based activity	1,082	5.1
Parental care	3,225	15.2
By father	2,607	12.3
By mother at work [2]	618	2.9
Child cares for self	1,562	7.4
No care mentioned	9,322	43.9

[1] Care in another home by a nonrelative is known as a "family day care."
[2] Includes women working at home or away from home.

Source: Derived from "Who's Minding the Kids? Child Care Arrangements: Fall 1991," Bureau of the Census, 1994.

Table 12–5 also illustrates that 76 percent of school-age children are in grade school or kindergarten during most of the hours their mothers work. Though not generally regarded as a form of child care, school is reflected in this table because it is the "primary" occupation of these children during their mothers' working hours. The Census Bureau notes that the remaining 24 percent of school-age children are in school, but not during the majority of hours their mothers work.

Table 12–6 shows the types of *after school* arrangements used for school-age children by working mothers, as well as cases where there were no arrangements used at all. A total of 1.6 million school-age children (7.4 percent of children age 5–14) were reported to be in "self-care" or to be unsupervised by an adult for some time while their mothers were working. The Census Bureau study found that 3.7 percent of 5–11 year olds and 16.8 percent of 12–14 year olds were "latch-key" children. It is not known if the children in the "no care mentioned" category were unsupervised, or if other factors may account for their not being reported in a child care arrangement, such as travel time from school.

Table 12–7 shows that the type of child care arrangements used for children under 5 varies by the economic well-being of the family. Children in poor families are more likely to be cared for by rel-

TABLE 12-7.—PRIMARY CHILD CARE ARRANGEMENTS USED BY EMPLOYED MOTHERS FOR CHILDREN UNDER 5, BY POVERTY STATUS OF THE MOTHERS, FALL 1991

All marital statuses	Total	Poor[1]	Not poor
Total children of employed mothers (in thousands)	9,854	977	8,811
Percent	100.0	100.0	100.0
Care in child's home	15.7	19.0	15.4
By grandparent	7.2	8.1	7.1
By other relative	3.2	6.7	2.8
By nonrelative	5.3	4.2	5.5
Care in another home	31.0	23.7	31.7
By grandparent	8.6	8.2	8.5
By other relative	4.5	4.7	4.5
By nonrelative[2]	17.9	10.8	18.7
Organized child care facilities	24.6	21.0	25.1
Day/group care center	15.8	14.8	16.0
Nursery school/preschool	7.3	3.6	7.6
Kindergarten/grade school	1.1	0.6	1.0
School-based activity	0.5	2.0	0.5
Parental care	28.7	36.2	27.9
By father	20.0	26.7	19.4
By mother at work[3]	8.7	9.5	8.5
Child cares for self	....	....	....

[1] Below the poverty threshold, which was $13,924 annually or $1,160 monthly during the 1991 interview period for a family of 4.

[2] Care in another home by a nonrelative is known as "family day care."

[3] Includes women working at home or away from home.

Source: Derived from "Who's Minding the Kids? Child Care Arrangements: Fall 1991," Bureau of the Census, 1994.

atives or their father while their mother works than children in nonpoor families. In addition, children in nonpoor families use organized child care facilities slightly more than children in poor families (25 percent versus 21 percent). Children in nonpoor families rely more on family day care than do children living in poverty (19 percent versus 11 percent).

CHILD CARE COSTS

Research studies have found that the majority of families with working mothers with preschool-age children purchase child care services. The tendency to purchase care and the amount spent on care, both in absolute terms and as a percent of family income, generally varies by the type of child care used, family type (married or single mothers), and the family's economic situation.

The most recent survey of national parental child care expenditures[2,3] found that 57 percent of families with employed mothers

[2] National Child Care Survey, 1990. Hofferth, Sandra L., Brayfield, Sharon Deich, and Holcomb, Pamela. Conducted by the Urban Institute. Sponsored by the Administration for Children and Families, U.S. DHHS and the National Association for the Education of Young Children. Washington, D.C. 1991.

[3] Child care is defined as care provided while the mother is at work, and includes care provided by fathers, mothers, and children themselves.

paid for child care for their youngest child under age 5 during November 1989 to May 1990. Families with mothers employed full-time were more likely to purchase care than those with mothers employed part-time. Among mothers working full-time, 66 percent paid for care for their young children. In addition, as illustrated in table 12–8, families with lower incomes were less likely to purchase care than families with higher incomes. Among families with employed mothers with a preschool-age child, the study found that 68 percent of those with annual incomes at or above $50,000 paid for child care, compared to only 42 percent of those with annual incomes below $15,000.

Of those purchasing care, the average weekly payment for the care of all children in a family with a youngest child under age 5 was $63 during the survey period. Families with employed mothers who paid for relatives to care for their children paid the least for care (average weekly cost of $44 for a relative). In-home care by a nonrelative cost the most, at $94 on average. Average weekly expenditures for center care and family child care were $76 and $64, respectively.

TABLE 12-8.—MEAN WEEKLY CHILD CARE EXPENDITURES FOR ALL CHILDREN IN THE FAMILY AND PERCENTAGE OF INCOME SPENT ON CARE, BY POVERTY STATUS AND FAMILY INCOME, EMPLOYED MOTHERS WITH YOUNGEST CHILD UNDER 5 PAYING FOR CARE

	Percent paying for care	Average weekly cost of care	Percent of income spent on care
Total	57	$63.2	10.4
Poverty status:			
Below poverty	NA	37.3	23.2
Above poverty	NA	65.5	8.7
Annual family income:			
Under $15,000	42	37.9	24.8
$15,000 to $24,999	48	50.7	13.2
$25,000 to $34,999	52	50.7	8.8
$35,000 to $48,999	54	64.5	10.2
$50,000 or above	68	85.1	6.2

Source: Published and unpublished data from the National Child Care Survey, 1991.

Families with higher incomes tend to spend more on child care than families with lower incomes. However, lower income families that pay for care spend significantly higher proportions of their incomes on such services. The survey found that poor families spend 23 percent of their incomes on child care, compared to only 9 percent of incomes spent by nonpoor families. Families earning more than $50,000 spent 6 percent of their incomes on child care (table 12–8).

SUPPLY OF CHILD CARE PROVIDERS

The profile of child care settings (PCS) study, recently released by the U.S. Department of Education, is regarded as the most comprehensive national study of regulated child care/early education services since the 1970s.[4] It provides information on the supply and characteristics of State licensed child care centers and early education programs, center-based programs exempt from State or local licensing (such as programs sponsored by religious organizations or schools) and licensed family day care providers.

According to the study's findings, approximately 80,000 center-based early education and care programs were providing services in the United States at the beginning of 1990. The study estimates that about 12 percent of centers on State licensing lists were not operating during the time of the survey. It is estimated that operating centers had about 5.3 million spaces (defined as the sum of enrollment and vacancies), of which approximately 4.2 million were for preschool-age children and 1.1 million were for school-age children. With regard to utilization, the study found that an average of 88 percent of the available spaces in centers were filled. It concluded that this high overall utilization rate indicates that "the market seems to be working to increase supply as demand expands." As shown in table 12–9, centers are distributed across regions and urban/rural areas approximately in proportion to the population of children under age 5.

The study found that there were approximately 118,000 licensed family day care providers with a capacity to care for 860,000 children (defined as the number of children for whom the provider is licensed to provide care) operating in the United States at the beginning of 1990. It is estimated that this number is significantly less than counts of family day care providers obtained directly from licensing lists—by some 30 percent—because such lists are not generally up to date. About 82 percent of all family day care spaces were filled at the beginning of 1990. In contrast to centers, the study found that the distribution of family day care homes across regions of the United States is not proportional to the number of young children in those regions (table 12–9). The authors of the study postulate that this may be due to regional differences in State family day care licensing requirements.

When providers were asked how many vacancies were actually available, the study found that the average child care center has 4 full-time vacancies and that the average regulated family day care home has 1 full-time vacancy. For centers, the study reports that vacancies are concentrated in fewer than half of all centers and that two-thirds to three-fourths of all centers reported having no vacancies. Vacancies are also concentrated in less than half of all family day care homes. According to the study, more than half of all regulated homes reported being "unable or unwilling" to accept more children on a full-time basis.

It is assumed by child care researchers that the number of unregulated family day care providers far exceeds the number of regulated family providers, though it is difficult to determine by how much. Based on an estimate that 4 million children are in family day care and that the average number of children per home ranges from 3 to 6, the PCS study estimates that there are from 550,000 to 1.1 million unlicensed providers. Based on this estimate, the estimated number of regulated family day care homes (118,000) represents 10 to 18 percent of the total number of family day care providers.[5]

[4] "A Profile of Child Care Settings: Early Education and Care in 1990." Kisker, Ellen Eliason, Hofferth, Sandra L., Phillips, Deborah A., and Farquhar, Elizabeth. Prepared under contract of the U.S. Department of Education by Mathematica Policy Research, Inc., 1991.

TABLE 12–9.—DISTRIBUTION OF PRESCHOOL CHILDREN, EARLY CHILDHOOD PROGRAMS, AND PROGRAM SPACES BY REGION AND URBANICITY

[In percent]

	Children younger than 5[1]	Centers	Spaces in centers	Regulated home-based programs	Spaces in regulated home-base programs
Region:					
Northeast	19	18	16	14	11
South	35	41	42	21	20
Midwest	24	23	23	29	32
West	23	18	19	36	37
Urbanicity:					
Metropolitan	75	76	83	77	77
Nonmetropolitan	25	24	17	23	23

[1] The distribution of children younger than age 5 by region is estimated from projections of 1980 census data to 1988 (U.S. Bureau of the Census, 1989). The distribution of children younger than age 5 by urbanicity is estimated as the distribution of the population by urbanicity in 1980 (U.S. Bureau of the Census, 1983).

Source: Profile of Child Care Settings Study (Mathematica Policy Research, Inc., 1990).

WORK DISRUPTIONS CAUSED BY FAILED CHILD CARE ARRANGEMENTS

The Census Bureau also surveys working mothers about time they or their husbands lost from work because of a failed child care arrangement, such as could result from a provider being sick or having an emergency. Among all mothers of children under age 15, 14 percent reported they lost work time due to such a failure during December 1988. Interestingly, the incidence of time lost did not change by marital status. It is postulated that this may be because child care is the primary responsibility of mothers, even when both parents are present. Among married couple families, only .7 percent of fathers lost time from work because of a fallen-through child care arrangement. There is a higher incidence of work disruptions because of child care problems for mothers with children under 5. Nearly 8 percent of mothers with a youngest child 1 or 2 years of age lost work time from a failed child care arrangement during the one month survey period, and 6 percent of mothers of infants lost work time for this reason.

[5] See methodology discussed in "The Demand and Supply of Child Care in 1990, Joint Findings From the National Child Care Survey, 1990 and the Profile of Child Care Settings," National Association for the Education of Young Children, 1991.

THE FEDERAL ROLE

This section focuses on Federal programs aimed specifically at providing child care services or related services to working families or programs that are generally used for this purpose. The late 1980s were marked by increased child care activity at the Federal level. New child care programs for AFDC families and families leaving AFDC were enacted in 1988 as part of a major welfare reform initiative. The newest Federal child care programs, the Child Care and Development Block Grant and the At-Risk Child Care program, were enacted in 1990 as part of the Omnibus Budget Reconciliation Act of 1990 (P.L. 101–508). The establishment of these latter programs was the culmination of a lengthy, and often politically and philosophically contentious debate about what role the Federal Government should play in the area of child care. Lasting nearly 4 years, the debate centered on questions about the type of Federal subsidies that should be made available and for whom, whether or not the Federal Government should set national child care standards, conditions under which religious child care providers could receive Federal funds, and how best to assure optimal choice for parents in selecting child care arrangements for their children, including options that allow a mother to stay home. Differences stemming from philosophical and partisan views, as well as jurisdictional concerns, were reflected throughout the debate.

Though the new programs represent a significant expansion of Federal support for child care, the largest Federal source of child care assistance is still provided indirectly through the Tax Code, in the form of a nonrefundable tax credit for taxpayers who work or are seeking work. Other major sources of Federal child care assistance include the Social Services Block Grant, under title XX of the Social Security Act. The Child Care Food program, which subsidizes meals for children in child care, is the largest source of direct Federal assistance for child care. Head Start, the early childhood development program targeted to poor preschool children, is often characterized as a child care program. Head Start, which primarily operates on a part-day basis and does not operate during the summer, is not currently designed to meet the needs of parents working full-time.

Numerous other Federal programs provide assistance for child care services, training for child care providers, and related activities. Most of these programs are not child care programs per se, but support child care as a component of programs supporting other activities, such as job training, housing assistance, education, food stamps, nutrition assistance, and other kinds of services.

For example, under various Federal student financial aid programs, students can count a certain portion of child care expenses as part of the total cost of postsecondary education and thereby receive Federal student aid to cover these costs. Another example is the Job Training Partnership Act, under which funds are designated for supportive services that can include child care services for program participants. Reports cataloging so-called Federal child care programs include counts ranging from 28 to 46 programs, depending on how child care is defined.[6] Again, most of these programs are not child care programs but include some type of child care or related assistance. Federal funding for child care services provided under many of these programs is unknown or estimated. The *total* number of children receiving federally supported child care assistance is also unknown.

During congressional consideration of child care legislation in the late 1980's, concerns were often raised that the Federal role in this area lacked coordination and focus. Some argue that the new child care programs—with their different eligibility rules, standards requirements, and different Federal and State administering agencies—have continued the trend, and that there is still need for a unified, comprehensive Federal policy in the area of child care.

Though Congress requires the States and DHHS to collect and compile information on the child care services funded and families served by the major Federal child care programs, little information is actually available to make assessments about the impact of the recent expansions in Federal child care assistance. For example, there is virtually no information readily available on the types of child care providers serving subsidized families with respect to their level of quality or regulation. There is also little information about the total number of families served, the degree of choice they have in selecting care, and whether choice is inhibited by payment rates or other factors. For some programs, the lack of information can be attributed to reporting requirements that have never been implemented by DHHS (such as for title XX and the dependent care planning and development State grant program). In other cases, information collected is inadequate to make determinations about a program's impact (such as with the transitional child care program and the AFDC child care program).

Below is a brief description of major Federal programs that support child care and related activities. Table 10 presents a summary of the funding environment and eligibility under these programs.

[6] See "Child Care: Government Funding Sources, Coordination, and Service Availability." United States General Accounting Office, No. GAO/HRD–90–26BR. October 1989; Child Day Care: Funding Under Selected Programs. Congressional Research Service. U.S. Library of Congress. November 1, 1988. No. 88–686, Child Care: A Workforce Issue. U.S. Department of Labor. April 1988.

TABLE 12-10.—SUMMARY OF FUNDING ENVIRONMENT AND ELIGIBILITY UNDER THE MAJOR FEDERAL PROGRAMS THAT SUPPORT CHILD CARE AND RELATED ACTIVITIES

[In million of dollars]

Program	Budgetary classification	Statutory authority	Federal administration	Federal funding support	Fiscal year 1993 outlays [1]
Dependent care credit	Nonrefundable tax credit	Internal Revenue Code	U.S. Department of Treasury, Internal Revenue Service.	NA	$2,450 [2]
Child care for AFDC recipients.	Authorized entitlement	Social Security Act	DHHS, ACF [3]	Open-ended, Federal match at Medicaid rate.	[4]
Transitional child care assistance (TCC).	Authorized entitlement	Social Security Act	DHHS, ACF [3]	Open-ended, Federal match at Medicaid rate.	588 [4]
At-risk child care	Authorized entitlement	Social Security Act	DHHS, ACF [3]	Funding ceiling, Federal match at Medicaid rate.	308
Child care and development block grant.	Discretionary authorization.	Omnibus Budget Reconciliation Act of 1990.	DHHS, ACF [3]	Funding ceiling, 100 percent Federal funding.	732
Child and adult care food program.	Authorized entitlement	National School Lunch Act of 1946.	U.S. Department of Agriculture, Food and Nutrition Service.	Open-ended, 100 percent Federal funding.	1,200 [5]
Title XX social services block grant.	Authorized entitlement	Social Security Act	HHS, ACF [3]	Funding ceiling, 100 percent Federal funding.	NA—some portion of 2,800.

Program	Target population	Eligible children	Provider requirements	Reimbursement rates to providers
Dependent care credit	Taxpayers who need dependent care in order to accept or maintain employment.	Children under age 13	Centers only must meet applicable State and local standards.	NA
Child care for AFDC recipients	AFDC recipients who need dependent care to accept or maintain employment, or to participate in State-approved education/training.	Children under age 13 (unless incapable of self-care or under court supervision).	Must meet applicable State and local standards.	Cost up to $200 per month (under age 2), and $175 per month (2 or older). Not more than the 75th percentile of the local market rate.
Transitional child care assistance (TCC).	Families that lose AFDC eligibility due to employment (increase in income or hours worked).	Children under age 13	Must meet applicable State and local standards.	Same as AFDC.
At-risk child care	Low-income families not receiving AFDC who need child care in order to work, and are at risk of welfare eligibility if care not provided.	Children under age 13	Must meet applicable State and local standards or, if not regulated and with the exception of relatives, be registered.	Same as AFDC.
Child care and development block grant.	Families with incomes at or below 75 percent of State median income, with parents engaged in work or education/training.	Children under age 13 (unless incapable of self-care or under court supervision).	Must meet applicable State and local standards or, if not regulated, be registered (including relatives). With the exception of relatives, must also meet certain health and safety standards.	No limit.
Child and adult care food program.	NA	Children under age 13; migrant children under age 16.	Must meet applicable State and local standards.	Meal rates are indexed to inflation, and some rates vary by family income.
Title XX social services block grant.	State discretion	State discretion	Must meet applicable State and local standards.	No limit.

[1] Source: Congressional Budget Office for programs, Joint Committee on Taxation for tax expenditures. [2] Projection for 1993. [3] Department of Health and Human Services, Administration for Children and Families. [4] Fiscal year 1993 outlays for AFDC and transitional child care assistance combined. [5] Obligations.

NA—Not applicable.

DEPENDENT CARE TAX CREDIT

Under section 21 of the Internal Revenue Code, a nonrefundable credit against income tax liability is available for up to 30 percent of a limited amount of employment-related dependent care expenses. Eligible employment-related expenses are limited to $2,400, if there is one qualifying individual, or $4,800, if there are two or more qualifying individuals. The credit may be claimed by an individual who maintains a household that includes one or more qualifying individuals. Generally, a qualifying individual is a dependent under the age of 13, a physically or mentally incapacitated dependent, or a physically or mentally incapacitated spouse. The costs of care must be incurred to enable a taxpayer (or taxpayer's spouse, if married) to work or look for work. Qualified expenses include the costs of household services.

The percentage used to calculate the credit depends on a taxpayer's adjusted gross income (AGI). A taxpayer whose AGI is $10,000 or less is allowed a credit equal to 30 percent of qualified work-related expenses. The credit percentage is reduced by 1 percentage point for each additional $2,000 in AGI above $10,000. For taxpayers whose AGI is greater than $28,000, the credit is equal to 20 percent of qualified expenses. The maximum amount of the credit is $720 for one qualifying individual and $1,440 for two or more qualifying individuals.

More detailed information on the dependent care tax credit is provided in section 16.

CHILD CARE PROGRAMS UNDER TITLE IV–A OF THE SOCIAL SECURITY ACT

Title IV–A of the Social Security Act, under which the Aid to Families with Dependent Children (AFDC) program is established, contains authorities for four different child care programs. Three of the programs fund child care services for low-income families, though each target a different low-income population. One program funds child care services for AFDC families who are working or participating in an approved work, education, or training program. A second program funds care for families for a limited period of time after they leave AFDC. A third program funds care for families who are "at risk" of becoming eligible for AFDC. The fourth program authorized under title IV–A is aimed at improving State child care licensing standards, enforcement of standards, and the training of child care providers. Each of the title IV–A child care programs is described briefly below.

Child care for AFDC recipients

Under the AFDC program, the Federal Government requires States to "guarantee" child care to recipients of AFDC if the care is needed for individuals to accept employment or remain employed. Child care also must be guaranteed to AFDC recipients who are participating in a State-approved education and training activity, including an AFDC job opportunities and basic skills (JOBS) training program.[7] The AFDC child care program is funded by an open-ended entitlement. The Federal share of a State's child care payments is based on the Medicaid matching rate, which varies by State and is inversely related to a State's per capita income. The program is administered on the Federal level by the Administration for Children and Families (ACF) of the U.S. Department of Health and Human Services, as part of the AFDC program.

State welfare agencies are responsible for administering the program at the State level and must inform AFDC applicants and recipients of the availability of child care assistance and the types and locations of child care services. The State agencies can provide child care directly, arrange for care with providers through contracts or vouchers, provide cash or vouchers in advance to families, reimburse families, or use other arrangements. States can also choose to disregard certain child care expenses—up to $175 per month per child age 2 and over and up to $200 per month per child under age 2—from the earned income of a family in determining the family's eligibility for AFDC benefits.

Reimbursement for child care costs must be at least equal to the lower of the actual cost of care or a statewide limit (which could be the child care disregard amount or a higher amount). Reimbursement cannot be more than the 75th percentile of the local market rate for the type of care being provided, as determined by each State.[8] The child care must meet applicable standards of State and local law. In addition, the law authorizing the program requires States to ensure that center-based child care is subject to State and local health and safety requirements, including fire safety protections. States must also endeavor to develop guidelines for family day care services.

Transitional child care (TCC) assistance

Under the AFDC program, the Federal Government requires States to "guarantee" child care to a family who loses AFDC eligibility due to increased hours of, or increased income from employment or loss of the income disregard due to the time limitations, if the care is necessary for an individual to accept or retain employment. To be eligible for transitional child care (TCC), families must have received AFDC in at least 3 of the 6 months immediately before the month in which they became ineligible for AFDC. The child care assistance under this program is limited to a period of 12 months after the last month for which the family received AFDC benefits. The program is operated under the same rules as those that apply to the child care program for eligible AFDC recipients, except that families must contribute to the cost of the care

---

[7] Under the Family Support Act of 1988 (P.L. 100–485), all States were required to have a JOBS program in place by October 1, 1990. The centerpiece of a major welfare reform initiative, JOBS is intended to prevent long-term welfare dependency by providing needy families with education, training, and employment. All AFDC recipients not otherwise exempt by law are required to participate in JOBS. The parent of a child under age 6 may be required to participate only if child care is guaranteed and if participation is limited to no more than 20 hours per week. A parent of a child under age 3 is exempt from participation, unless required to participate at State option. More detailed information on the AFDC JOBS program is provided in section 7.

[8] The 75th percentile does not mean 75 percent of the cost of care. To determine the 75th percentile, child care rates are ranked from lowest to highest. Starting from the bottom of the list, the amount separating the 75 percent of the providers with the lowest rates from the 25 percent with highest rates is the 75th percentile.

in accordance with a State-established sliding fee scale. It is also administered by ACF at the Federal level.

Concerns have been raised that families leaving AFDC because of increased earnings are not receiving transitional child care assistance, even though they may be eligible for assistance and need it. A General Accounting Office report addressing this issue concluded that data are not readily available to determine the extent to which eligible families receive and retain transitional child care benefits.[9] GAO found that data are not available from the States or DHHS on the number of families that meet all the TCC eligibility criteria. And many States did not have data on the number of families receiving TCC each month. Based on limited data from 20 States, GAO reported that the percentage of eligible families receiving TCC assistance ranged from 2 to 66 percent. According to the GAO report, no clear relationships were identified between utilization rates and State administrative policies.

At-Risk Child Care program

The At-Risk Child Care program authorized by the Omnibus Budget Reconciliation Act of 1990 (P.L. 101–508) entitles States to Federal matching funds for child care services for low-income families who are *not* receiving AFDC, need child care in order to work, and are "at risk" of becoming eligible for welfare if child care were not provided. The program is permanently authorized as a "capped entitlement" at $300 million annually. It is administered by ACF. States are entitled to matching funds for child care expenditures up to State allocation limits determined by a formula in the law. State allocations are based on the number of children under age 13 in a State compared to the total number of such children in the United States. If a State's grant award is less than its full allocation limit in one year, the difference can be applied to the State's allocation limit in the next year. Like the AFDC child care programs, the Federal share of a State's child care payments is based on the Medicaid matching rate, which varies by State.

The At-Risk program is similar to the AFDC child care programs with regard to the flexibility States are afforded in providing care. The requirements for reimbursement rates also are similar. Like the TCC program, families are required to make some contribution to the cost of care, based on a State-designed sliding fee scale. At-Risk child care must meet applicable standards of State and local law. In contrast to the other title IV–A child care programs, At-Risk child care providers not required to meet such standards (with the exception of those providing care solely to family members) must be registered by the State.

The At-Risk program is administered on the State level by the State welfare agency. Beginning in fiscal year 1993, States were required to report annually to the Federal Government on how they used program funds. Reports are to include information on the number of children served, the average cost of care, eligibility rules, child care licensing and regulatory requirements, and enforcement policies. The Secretary of the Department of Health and

[9] "Welfare to Work: Implementation and Evaluation of Transitional Benefits Need HHS Action," by the General Accounting Office GAO/HRD 92–118 September 1992.

Human Services is required to report to Congress annually on the State reports.

As of fiscal year 1993, all States, except Louisiana, had been approved by HHS to operate At-Risk programs. One state—Mississippi—did not operate a program in that year.

Table 12–11 provides data on Federal payments to States for AFDC child care and TCC for fiscal years 1991 through 1995. Table 12–12 provides State-specific information on child care options under the AFDC and TCC programs, based on State "supportive services" plans for the fiscal year 1993–1994 biennium. Table 12–13 provides data on Federal payments to States for At-Risk child care for fiscal years 1991 through 1995. Table 12–14 provides State-specific information on child care options under the At-Risk child care program, based on State "supportive services" plans for the fiscal year 1993–1994 biennium.

The most current State-by-State data on the number of JOBS participants who receive title IV–A child care subsidies are shown in table 12–15. The types of child care arrangements used by the JOBS participants' children is provided in table 12–16. The number of families not in JOBS who receive title IV–A child care assistance is shown in table 12–17. The type of care used by AFDC families not in JOBS who receive title IV–A child care assistance is shown in table 12–18. Current data on the number of children receiving TCC subsidies and the type of care arrangements used by their families are found in tables 12–19 and 12–20.

TABLE 12-11.—FEDERAL PAYMENTS TO STATES FOR AFDC CHILD CARE AND TRANSITIONAL CHILD CARE, FISCAL YEARS 1991–95

[Fiscal year in thousands]

States	1991	1992	1993 [1]	1994 (est.) [1]	1995 (est.)
Alabama	$2,820	$5,981	$9,050	$10,150	$10,804
Alaska	445	1,329	1,262	1,416	1,507
Arizona	2,354	5,998	8,462	9,491	10,102
Arkansas	4,348	1,940	1,268	1,422	1,513
California	11,331	16,655	34,401	38,585	41,069
Colorado	3,649	4,082	5,315	5,961	6,345
Connecticut	5,301	6,563	7,061	7,920	8,430
Delaware	1,300	1,787	3,016	3,383	3,600
District of Columbia	2,799	4,284	1,855	2,081	2,215
Florida	20,678	17,506	20,136	22,585	24,039
Georgia	13,231	16,060	25,247	28,318	30,140
Guam	9	22	4	4	5
Hawaii	249	70	273	306	325
Idaho	756	775	1,069	1,199	1,276
Illinois	8,468	4,455	11,949	13,403	14,265
Indiana	12,828	4,640	7,101	7,965	8,477
Iowa	2,204	1,730	2,409	2,702	2,876
Kansas	3,233	5,388	6,677	7,489	7,972
Kentucky	5,027	9,188	10,450	11,721	12,475
Louisiana	12,741	10,955	15,512	17,399	18,519
Maine	1,354	361	1,083	1,215	1,293
Maryland	9,509	10,027	13,912	15,604	16,609
Massachusetts	24,889	24,933	23,991	26,909	28,641
Michigan	14,467	15,727	13,597	15,251	16,233
Minnesota	11,342	9,918	12,415	13,925	14,822
Mississippi	574	2,577	3,230	3,623	3,857
Missouri	1,196	8,624	14,348	16,093	17,129
Montana	1,144	2,943	1,988	2,230	2,373
Nebraska	5,152	5,630	7,455	8,362	8,900
Nevada	1,057	435	1,032	1,158	1,232
New Hampshire	1,621	2,013	2,495	2,799	2,979
New Jersey	2,195	6,653	9,309	10,442	11,114
New Mexico	2,026	1,745	3,994	4,479	4,768
New York	29,289	36,303	57,988	65,041	69,227
North Carolina	7,306	24,423	35,163	39,439	41,978
North Dakota	1,554	1,725	1,709	1,917	2,040
Ohio	9,394	18,407	34,071	38,214	40,674
Oklahoma	7,983	18,925	22,950	25,742	27,399
Oregon	6,260	5,392	8,768	9,835	10,468
Pennsylvania	(100)	28,647	31,105	34,888	37,134

TABLE 12-11.—FEDERAL PAYMENTS TO STATES FOR AFDC CHILD CARE AND TRANSITIONAL CHILD CARE, FISCAL YEARS 1991–95—Continued

[Fiscal year in thousands]

States	1991	1992	1993 [1]	1994 (est.) [1]	1995 (est.)
Puerto Rico	223	2,901	0	0	0
Rhode Island	1,821	2,154	4,310	4,834	5,145
South Carolina	541	1,040	4,294	4,816	5,126
South Dakota	983	13,457	1,759	1,973	2,100
Tennessee	4,492	25,090	18,675	20,946	22,294
Texas	20,803	6,544	33,737	37,840	40,275
Utah	6,275	1,605	9,236	10,360	11,027
Vermont	1,626	3	2,023	2,269	2,416
Virgin Islands	11	11,164	11	13	14
Virginia	4,320	15,439	8,328	9,341	9,942
Washington	8,355	3,205	21,057	23,618	25,139
West Virginia	2,169	16,742	4,548	5,101	5,430
Wisconsin	8,242	2,300	12,390	13,897	14,791
Wyoming	957	....	2,076	2,329	2,479
Total	320,744	415,000	595,568	668,000	711,000

[1] Preliminary data.

Sources: DHHS, Administration for Children and Families; Office of Financial Management, Administration for Children and Families.

TABLE 12-12.—AFDC CHILD CARE AND TRANSITIONAL CHILD CARE (TCC)—SUMMARY OF STATE CHILD CARE OPTIONS

State	Method of providing AFDC child care [1]	Supplements dependent care disregard	Method of providing TCC [1]	Statewide limit; Special needs care (if different) [2]	Child care provided during gaps [3]
Alabama	2, 5, 6	No	5, 6	$303	1 month.
Alaska	2, 6	No	5, 6	$812	1 month.
Arizona	2, 6	No	5, 6	$455.40/$391 00	2 weeks/1 month
Arkansas	2, 5, 6	Yes	5, 6	$300/$250	1 month.
California	1, 2, 3, 4, 5, 6, 7	No	3, 4 5, 6, 7	$1,071 68/$876 83. $1,404 87/ $1,149.62.	2 weeks/1 month.
Colorado	2, 6, 7	Yes	5, 6, 7	$525, $1,050	2 weeks/1 month.
Connecticut	2 3, 5, 7	No	3, 7	$325; $435	2 weeks/1 month.
Delaware	2, 4, 5, 6, 7	No	4, 5, 6, 7	$312.00/$297.60; $327.60/ $312.48.	Up to one month
District of Columbia	2, 3, 4, 5, 6	No	3, 4, 5, 6	$535 50/$558.00	1 month.
Florida	2, 4, 5, 6	Yes	4, 5, 6	$364 50	2 weeks/ 1 month
Georgia	2, 5, 6	No	5, 6	$324.75/$281.45	2 weeks.
Guam	2, 5, 6	Yes	5	$250/$230	1 month.
Hawaii	6	No	5, 7	$325	2 weeks/1month.
Idaho	2, 5, 6	No	5	$407/$330; $440	1 month
Illinois	1, 2, 3, 5	Yes	6, 7	$900.55	2 weeks/1 month.
Indiana	2, 5, 6	No	5, 6	$200/$175	1 month
Iowa	2, 7	No	7	$1,635/$1,480; $1,790/$1,635	1 month.
Kansas	2, 5, 6	NA	5, 6	$609/$452, $564/563	2 weeks/1 month.
Kentucky	2, 5, 6, 7	No	5, 6, 7	$496	2 weeks/1 month.
Louisiana	2, 3, 5, 6	No	3, 5	$238 30/$216.50	2 weeks/1 month.
Maine	2, 5, 6	No	5, 6	$551	2 weeks/1 month.
Maryland	2, 4, 5, 6	Yes	4, 6	$662.42/$347.98, $387	2 weeks/1 month.
Massachusetts	2, 4, 6, 7	No	4, 6, 7	$1,294.92	No.
Michigan	2, 3, 4, 5	No	3	$1,050	1 month.
Minnesota	2, 5, 6	Yes	5, 6	$630/$464; $4,300	No.
Mississippi	4, 5, 6	No	4, 5, 6	$253/$230; $253	2 weeks/1 month.
Missouri	2, 5, 6	No	5, 6	$310.00/$271 25	2 weeks/1 month.
Montana	2, 6	No	6	$299.00/$258.75; $279.45	2 weeks.
Nebraska	2, 5, 6	Yes	5, 6	$1,150/$970, $3,000	1 month.
Nevada	2, 5	No	5	$420/$398	No.
New Hampshire	2, 3, 5, 6	No	3, 5, 6	$462	2 weeks.
New Jersey	2, 4	Yes	4	$707/$583	2 weeks/1 month.
New Mexico	5	No	5	$330	2 weeks/1 month.
New York	1, 2, 3, 4, 5, 6	No	1, 3, 5, 6	$883 32	2 weeks/1 month.
North Carolina	1, 2, 3, 5, 6	No	1, 3, 4, 5, 6	$411; $1,754	2 weeks/1 month.
North Dakota	1, 2, 3, 5, 6	No	1, 5, 6	$200/$175	2 weeks/1month.
Ohio	2, 6	No	6	$894.40	2 weeks/1 month.
Oklahoma	2, 4, 6	No	6	$372/$341; $775	2 weeks/1month.
Oregon	2, 4, 6	No	4	$450	1 month.
Pennsylvania	2, 3, 5, 6, 7	No	5, 7	$813	2 weeks/1 month.
Puerto Rico	1, 2, 3, 4, 5, 6	Yes	4, 6	$200/$175; $250	2 weeks/1 month.
Rhode Island	2, 6	No	6	$415.97/$285.98	No.
South Carolina	2, 6	No	6	$425	2 weeks/1 month.
South Dakota	2, 3	No	3, 5	$200/$175	No
Tennessee	2, 4	No	4, 5	$358.80/$312.00	1 month.
Texas	2, 5, 6	No	5, 6	$482; $916	2 weeks/1 month.
Utah	2, 6	No	5, 6	$410.70/$296.70	No.
Vermont	2, 5, 6	No	5, 6	$603.75	2 weeks/1 month.
Virgin Islands	1, 2, 4	Yes	1, 5	$200; $300	1 month.
Virginia	2, 5, 6	No	5, 6	$667/$628	No.
Washington	2, 7	No	7	$516.35, $1,206.15	2 weeks/1 month.
West Virginia	2, 7	No	7	$300/$253; $300	2 weeks/1 month.
Wisconsin	1, 2, 3, 4, 5, 6, 7	Yes	4	$600/$500	2 weeks/1 month.
Wyoming	2, 6	Yes	6	$350	Up to 1 week.

[1] Key to the code: 1=Direct; 2=Dependent care disregard, 3=Cash in advance; 4=Voucher in advance, 5=Cash reimbursement; 6=Purchase of service, 7=Other.

[2] When 2 amounts are shown separated by a slash (/), the 1st amount is the statewide limit for children under 2. The 2nd amount is the statewide limit for children over 2. Statewide limits for handicapped/special needs children follow a semicolon (;) when different limits apply.

[3] At State option, child care provided: for up to two (2) weeks while participant is waiting to enter either approved education, training, or JOBS; OR for up to one (1) month if JOBS component activity is scheduled to begin within that period or to reserve child care arrangements which would otherwise be lost.

Source: Child Care Policy Branch, Division of JOBS Program. Based on biennial Supportive Services Plans filed in ACF Central Office as of 11/01/93.

TABLE 12-13.—FEDERAL PAYMENTS TO STATES FOR AT-RISK CHILD CARE, FISCAL YEARS 1991–95

[In thousands]

State	1991 actual	1992 actual	1993 actual [1]	1994 estimates [1]	1995 estimates
Alabama	$4,935	$4,934	$1,692	$4,625	$4,626
Alaska	808	1,211	825	903	854
American Samoa	0	....	0	145	72
Arizona	1,151	9,210	4,624	4,709	4,709
Arkansas	0	4,519	2,657	3,627	2,701
California	36,592	73,183	25,170	56,449	38,533
Colorado	0	8,103	4,320	4,062	4,062
Connecticut	3,455	3,455	3,485	4,574	4,574
Delaware	777	776	770	772	771
District of Columbia	677	677	648	537	537
Florida	13,231	13,230	13,632	13,904	13,904
Georgia	8,110	8,110	7,986	10,960	7,941
Guam	0	....	0	399	198
Hawaii	0	1,361	929	1,705	1,318
Idaho	1,392	2,088	879	1,439	1,383
Illinois	6,833	13,666	16,007	13,426	13,426
Indiana	6,538	6,537	6,538	9,800	6,332
Iowa	3,226	3,225	3,226	3,177	3,177
Kansas	3,070	3,070	3,052	2,999	2,999
Kentucky	4,294	4,294	4,551	4,109	4,109
Louisiana	0	5,903	0	10,927	5,408
Maine	1,367	1,367	809	1,335	1,335
Maryland	5,363	5,363	5,539	5,562	5,562
Massachusetts	6,122	6,121	6,287	6,240	6,240
Michigan	0	....	7,500	14,728	11,037
Minnesota	5,245	5,245	5,427	5,359	5,359
Mississippi	0	....	0	6,504	3,209
Missouri	5,966	5,966	6,022	5,926	5,926
Montana	0	843	568	1,825	973
Nebraska	1,951	1,951	1,958	1,929	1,929
Nevada	0	3,262	1,589	1,534	1,534
New Hampshire	1,280	1,280	1,290	1,261	1,261
New Jersey	8,290	8,290	8,000	8,272	8,272
New Mexico	0	3,401	2,580	2,072	2,072
New York	19,931	19,930	19,699	21,047	19,647
North Carolina	7,333	7,333	9,681	7,274	7,274
North Dakota	839	838	1,007	748	748
Ohio	12,734	12,733	12,598	12,334	12,334
Oklahoma	3,909	3,656	3,762	3,734	3,734
Oregon	3,194	5,029	3,354	3,352	3,352

TABLE 12-13.—FEDERAL PAYMENTS TO STATES FOR AT-RISK CHILD CARE, FISCAL YEARS 1991–95—Continued

[In thousands]

State	1991 actual	1992 actual	1993 actual [1]	1994 estimates [1]	1995 estimates
Pennsylvania	0	25,616	12,681	12,502	12,502
Puerto Rico	0	....	0	10,495	5,201
Rhode Island	1,057	1,056	1,046	1,041	1,041
South Carolina	4,294	4,294	4,174	4,797	4,124
South Dakota	914	913	431	1,419	891
Tennessee	0	....	575	10,786	5,401
Texas	8,923	37,103	26,480	22,556	22,556
Utah	2,995	2,995	2,732	2,826	2,826
Vermont	646	646	650	637	637
Virgin Islands	0	....	0	362	180
Virginia	6,768	6,767	6,963	7,128	6,950
Washington	5,649	8,941	5,997	6,038	6,038
West Virginia	0	2,001	1,762	1,802	1,802
Wisconsin	5,755	5,754	5,892	5,829	5,829
Wyoming	634	1,267	770	719	593
Total	216,248	357,535	271,816	352,338	300,000

[1] Preliminary data. Numbers for 1994 assume States receive payment for full entitlement amount (1994 entitlement plus carry-over from 1993 entitlement).

Source: DHHS, Administration for Children and Families, Office of Financial Management.

TABLE 12-14.—AT-RISK CHILD CARE—SUMMARY OF STATE CHILD CARE OPTIONS

State	Method of providing at-risk child care [1]	Statewide limit; Special needs care (if different) [2]	Rules for counting income for sliding fee scale	Child care provided during gaps [3]	Registration required for unlicensed providers
Alabama	1, 3, 4, 5	$303	TCC rules	2 weeks/1 month	Yes.
Alaska	2, 4	$812	Different	No	Yes.
Arizona	5	$455.40/$391.00	Different	2 weeks/1 month	Yes.
Arkansas	5	$300/$250	Different	2 weeks/1 month	Yes.
California	2, 3, 4, 5	$1,071.68/$876.83; $1,404.87/$1,149.62	TCC rules	2 weeks/1 month	Yes.
Colorado	4	$525, $1,050	AFDC rules	2 weeks/1 month	Yes.
Connecticut	5	$325; $435	Different	No	Yes.
Delaware	3, 4, 5	$312.00/$297.60; $531/$483	AFDC rules	1 month	Yes.
District of Columbia	5	$635.50/$558.00; $50/day	TCC rules	1 month	Yes.
Florida	3, 4, 5	$364.50	TCC rules	1 month	Yes.
Georgia	5	$324.75/$281.45; $350.73/$303.10	TCC rules	No	Yes.
Hawaii	2, 3, 5	$325	Different	2 weeks/1 month	Yes.
Idaho	3	$407/$330; $440	Different	2 weeks/1 month	Yes.
Illinois	4	$900.55	TCC rules	2 weeks/1 month	Yes.
Indiana	2, 3, 5	$625	Different	1 month	Yes.
Iowa	5	$1,635/$1,480; $5/day over LMR	TCC rules	No	Yes.
Kansas	3, 5	$603/$452, $690.90/$664.65	Different	2 weeks/1 month	Yes.
Kentucky	5	$496	TCC rules	2 weeks/1 month	AFDC-defined relatives are exempt.
Louisiana	No At-Risk Program.				
Maine	3, 4, 5	No statewide limit	Different	2 weeks/1 month	Yes.
Maryland	4, 5	$662.42/$347.98; $387	TCC rules	No	Yes.
Massachusetts	4, 5	$1,294.92	TCC rules	1 month	Yes.
Michigan	5	$1,050	TCC rules	No	Yes.
Minnesota	5	$630/$464; $4,300	TCC rules	No	Yes.
Mississippi	No At-Risk Program.				
Missouri	3, 4, 5	$542.50/$474.30	TCC rules	2 weeks/1 month	AFDC-defined relatives are exempt.
Montana	3, 4	$299.00/$258.75; $279.45	AFDC rules	2 weeks	Yes.
Nebraska	3, 4, 5, 6	$1,150/$970; $3,000	Different	1 month	Yes.
Nevada	3, 4, 5	No statewide limit	Different	2 weeks/1 month	Yes.
New Hampshire	2, 3, 4	$462	TCC rules	1 month	Yes.
New Jersey	1, 3, 4, 5	$707/$583	TCC rules	2 weeks/1 month	Yes.
New Mexico	5	$330	TCC rules	1 month	Yes.
New York	1, 2, 3, 4, 5, 6	$883.32	TCC rules	2 weeks/1 month	Yes.
North Carolina	5	$411; $1,754	TCC rules	2 weeks/1 month	Yes.
North Dakota	3, 4	$345/$240	TCC rules	2 weeks/1 month	Grandparents, aunts/uncles are exempt.
Ohio	4, 5	$894.40	TCC rules	2 weeks/1 month	Yes.
Oklahoma	5	$372/$341; $775	TCC rules	No	Yes.
Oregon	5	$450	TCC rules	Up to 5 days in a one month period.	Yes.
Pennsylvania	4, 5	No statewide limit	Different	1 month	Yes.
Rhode Island	5	$415.97/$285.98	TCC rules	No	Yes.
South Carolina	4	$425	TCC rules	2 weeks/1 month	Yes.
South Dakota	5	$250; $400	Different	No	Yes.
Tennessee	2, 3, 4, 5	$358.80/$312.00	TCC rules	1 month	Yes.
Texas	3, 4, 5, 6	$482; $916	TCC rules	2 weeks/1 month	Yes.
Utah	2, 3, 4, 5	$410.70/$296.70	TCC rules	No	Yes.
Vermont	5	$603.75	TCC rules	No	Yes.

TABLE 12-14.—AT-RISK CHILD CARE—SUMMARY OF STATE CHILD CARE OPTIONS—Continued

State	Method of providing at-risk child care[1]	Statewide limit; Special needs care (if different)[2]	Rules for counting income for sliding fee scale	Child care provided during gaps[3]	Registration required for unlicensed providers
Virginia	3, 4, 5	$667/$628	TCC rules	2 weeks/1 month	Yes.
Washington	5	$516.35/$342.93; $1,206.15	Different	No	Yes.
West Virginia	5	$300/$253; $300	TCC rules	2 weeks/1 month	Yes.
Wisconsin	2, 3, 5	$600/$500	Different	2 weeks/1 month	Yes.
Wyoming	5	$350	TCC rules	Up to one week	Yes.

[1] Key to the code: 1=Direct; 2=Cash/voucher in advance; 3=Cash reimbursement; 4=Purchase of service; 5=Certificate; 6=Other.
[2] When 2 amounts are shown separated by a slash (/), the first amount is the statewide limit for children under 2. The second amount is the statewide limit for children over 2. Statewide limits for handicapped/special needs children are followed by a semicolon (;) when different limits apply.
[3] At State option, child care provided: for up to two (2) weeks while participant is waiting to enter either approved education, training, or JOBS; OR for up to one (1) month if JOBS component activity is scheduled to begin within that period or to reserve child care arrangements which would otherwise be lost.

Source: Child Care Policy Branch, Division of JOBS Program. Based on biennial Supportive Services Plans filed in ACF Central Office as of 11/01/93.

TABLE 12-15.—JOBS PARTICIPANTS RECEIVING TITLE IV-A PAID CHILD CARE, BY AFDC PROGRAM STATUS AND BY STATE—FISCAL YEAR 1992

State	JOBS participants by AFDC Program (case) status, average monthly number					
	Total participants	Receiving AFDC-basic	Receiving AFDC-UP	Eligible for AFDC-UP	Not receiving AFDC	AFDC applicant
Alabama	40	40	0	0	0	0
Alaska	330	291	39	0	0	0
Arizona	676	268	404	2	2	0
Arkansas	(1)	(1)	(1)	(1)	(1)	(1)
California	11,287	10,679	441	0	0	167
Colorado	1,110	1,033	6	1	69	1
Connecticut	8	8	0	0	0	0
Delaware	121	0	0	0	0	121
District of Columbia	486	483	3	0	0	0
Florida	3,670	3,317	8	7	237	101
Georgia	2,753	2,475	6	5	173	94
Guam	(1)	(1)	(1)	(1)	(1)	(1)
Hawaii	84	81	3	0	0	0
Idaho	316	311	3	0	2	0
Illinois	2,837	2,761	1	75	0	0
Indiana	2,061	1,949	46	0	9	57
Iowa	(1)	(1)	(1)	(1)	(1)	(1)
Kansas	1,126	886	57	0	128	55
Kentucky	3,650	0	102	1	29	3,518
Louisiana	1,491	1,483	1	0	7	0
Maine	540	508	28	0	6	0
Maryland	1,806	1,516	34	5	50	201
Massachusetts	3,517	3,319	19	0	158	21
Michigan	9,500	8,701	217	0	109	473
Minnesota	884	0	0	0	884	0
Mississippi	546	525	3	0	0	18
Missouri	1,812	1,778	34	0	0	0
Montana	(1)	(1)	(1)	(1)	(1)	(1)
Nebraska	(1)	(1)	(1)	(1)	(1)	(1)
Nevada	343	332	0	0	11	0
New Hampshire	117	112	5	0	0	0
New Jersey	4,518	4,350	45	0	123	0

TABLE 12-15.—JOBS PARTICIPANTS RECEIVING TITLE IV-A PAID CHILD CARE, BY AFDC PROGRAM STATUS AND BY STATE—FISCAL YEAR 1992—Continued

State	JOBS participants by AFDC Program (case) status, average monthly number					
	Total participants	Receiving AFDC-basic	Receiving AFDC-UP	Eligible for AFDC-UP	Not receiving AFDC	AFDC applicant
New Mexico	1,142	1,090	31	0	21	0
New York	13,594	13,316	278	0	0	0
North Carolina	3,515	3,400	77	0	38	0
North Dakota	1,022	948	74	0	0	0
Ohio	(1)	(1)	(1)	(1)	(1)	(1)
Oklahoma	4,088	4,075	13	0	0	0
Oregon	1,822	1,704	103	0	0	15
Pennsylvania	7,209	7,180	29	0	0	0
Puerto Rico	573	566	0	0	7	0
Rhode Island	1,810	1,778	0	0	7	25
South Carolina	(1)	(1)	(1)	(1)	(1)	(1)
South Dakota	363	352	0	0	11	0
Tennessee	1,639	1,503	47	0	89	0
Texas	2,134	2,057	32	0	45	0
Utah	2,457	2,442	8	0	0	17
Vermont	447	436	9	0	2	0
Virgin Islands	28	26	0	0	0	2
Virginia	(1)	(1)	(1)	(1)	(1)	(1)
Washington	2,423	2,141	271	0	0	11
West Virginia	(1)	(1)	(1)	(1)	(1)	(1)
Wisconsin	2,613	2,149	403	0	61	0
Wyoming	35	35	0	0	0	0
U.S. total	102,513	92,362	2,880	96	2,278	4,897

[1] Data not reported by the State.

Source: DHHS, Administration for Children and Families.

TABLE 12-16.—AFDC CHILDREN IN THE JOBS PROGRAM RECEIVING TITLE IV-A PAID CHILD CARE, BY PRIMARY TYPE OF CARE ARRANGEMENT AND STATE—FISCAL YEAR 1992

State	Total children	Children by type of care arrangement (avg. monthly no.)								Percent children in center care	Percent provided by a relative
		Care provided by a nonrelative in				Care provided by a relative in			Unknown		
		Center care	Group family day care	Family day care	In child's home	Group family day care	Family day care	In child's home			
Alabama	40	26	0	0	0	14	0	0	0	65.0	35.0
Alaska	543	341	44	51	30	6	60	10	1	62.8	14.0
Arizona	1,159	814	8	66	2	0	194	75	0	70.2	23.2
Arkansas	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
California	18,284	4,220	1,460	8,217	897	353	1,405	1,519	213	23.1	17.8
Colorado	1,761	1,126	239	54	41	0	190	111	0	63.9	17.1
Connecticut	8	0	0	0	0	0	4	0	4	0.0	50.0
Delaware	194	131	1	61	1	0	0	0	0	67.5	0.0
District of Columbia	687	483	0	29	0	0	113	62	0	70.3	25.5
Florida	5,998	5,448	0	274	85	0	66	65	60	90.8	2.2
Georgia	4,328	2,571	0	280	234	0	0	1,243	0	59.4	28.7
Guam	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Hawaii	109	33	0	22	0	3	49	2	0	30.3	49.5
Idaho	509	220	43	129	0	1	91	0	25	43.2	18.1
Illinois	4,565	949	28	1,085	964	0	1,021	518	0	20.8	33.7
Indiana	3,508	860	197	739	188	11	992	494	27	24.5	42.7
Iowa	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Kansas	1,865	993	333	218	135	37	94	55	0	53.2	10.0
Kentucky	5,720	1,928	0	1,108	1,006	0	0	645	1,033	33.7	11.3
Louisiana	2,386	1,672	0	34	117	0	45	423	95	70.1	19.6
Maine	831	149	151	230	93	4	126	64	14	17.9	23.3
Maryland	3,085	976	131	470	298	0	639	567	4	31.6	39.1
Massachusetts	4,851	2,364	397	1,755	0	0	19	316	0	48.7	6.9
Michigan	15,029	2,476	919	5,042	2,800	575	1,868	1,077	272	16.5	23.4
Minnesota	1,422	727	294	174	0	72	50	105	0	51.1	16.0

TABLE 12-16.—AFDC CHILDREN IN THE JOBS PROGRAM RECEIVING TITLE IV-A PAID CHILD CARE, BY PRIMARY TYPE OF CARE ARRANGEMENT AND STATE—FISCAL YEAR 1992—Continued

State	Total children	Children by type of care arrangement (avg. monthly no.)								Percent children in center care	Percent provided by a relative
		Care provided by a nonrelative in				Care provided by a relative in			Unknown		
		Center care	Group family day care	Family day care	In child's home	Group family day care	Family day care	In child's home			
Mississippi	969	470	38	59	17	32	223	128	2	48.5	39.5
Missouri	2,984	1,260	0	935	77	0	581	131	0	42.2	23.9
Montana	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])
Nebraska	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])
Nevada	586	148	1	15	132	0	50	240	0	25.3	49.5
New Hampshire	175	85	33	0	23	8	0	16	10	48.6	13.7
New Jersey	7,034	2,836	29	3,657	489	12	11	0	0	40.3	0.3
New Mexico	1,950	493	313	0	619	0	359	166	0	25.3	26.9
New York	20,777	4,314	476	10,380	1,647	0	2,857	1,036	67	20.8	18.7
North Carolina	5,239	3,253	4	594	149	0	701	510	33	61.4	22.9
North Dakota	1,466	241	135	696	85	0	236	72	0	16.4	21.0
Ohio	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])
Oklahoma	7,079	6,337	0	710	15	0	17	0	0	89.5	0.2
Oregon	2,810	0	495	1,597	0	19	685	0	14	0.0	25.1
Pennsylvania	11,201	5,204	3,415	14	1,004	938	0	423	203	46.5	12.2
Puerto Rico	831	22	223	95	6	259	119	101	6	2.6	57.6
Rhode Island	2,711	1,392	173	114	243	150	466	149	24	51.3	28.2
South Carolina	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])
South Dakota	535	213	0	236	33	0	28	22	3	39.8	9.3
Tennessee	2,629	1,573	284	91	77	273	95	222	14	59.8	22.4
Texas	3,628	2,699	0	37	0	0	0	8	884	74.4	0.2
Utah	4,108	2,580	415	1,051	62	0	0	0	0	62.8	0.0
Vermont	725	141	233	0	45	173	0	133	0	19.4	42.2
Virgin Islands	62	2	0	19	0	0	5	36	0	3.2	66.1
Virginia	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])
Washington	3,554	1,566	705	0	510	109	250	414	0	44.1	21.8
West Virginia	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])	([1])
Wisconsin	4,138	2,134	0	861	248	0	366	264	265	51.6	15.2
Wyoming	35	13	0	0	0	0	0	0	22	37.1	0.0
U.S. total	162,128	65,457	11,218	41,199	12,372	3,035	14,075	11,422	3,350	40.4	17.6

[1] Data not reported by the State.

Source: DHHS, Administration for Children and Families.

TABLE 12–17.—NON-JOBS FAMILIES[5] RECEIVING IV–A PAID CHILD CARE, WITH AND WITHOUT EARNED INCOME, BY AFDC PROGRAM STATUS AND BY STATE—FISCAL YEAR 1992

[Average monthly number]

State	Total[1] families	Families with earnings and				Families without earnings and		
		Receiving AFDC-basic	Receiving AFDC-UP	Applying for AFDC	In transition	Receiving AFDC-basic	Receiving AFDC-UP	Applying for AFDC
Alabama[2]	1,072	0	0	(3)	1,072	0	0	(3)
Alaska	115	8	2	(3)	73	32	2	(3)
Arizona	2,253	1,257	(4)	(4)	940	56	(4)	(4)
Arkansas	2,519	1,945	3	(3)	345	227	(3)	(3)
California	1,595	(4)	(4)	(4)	1,595	(3)	(3)	(3)
Colorado	314	(4)	(4)	(4)	314	(3)	(3)	(3)
Connecticut	1,167	(4)	(4)	(3)	680	(4)	(4)	(3)
Delaware	375	250	0	(3)	126	(3)	(3)	(3)
District of Columbia	147	71	0	0	76	0	0	0
Florida	4,391	1,932	12	(3)	2,447	0	0	(3)
Georgia	4,794	2,235	2	(3)	801	1,745	13	(3)
Guam	5	0	0	0	5	0	0	0
Hawaii	232	187	3	0	42	0	0	0
Idaho	437	262	1	(3)	142	32	0	(3)
Illinois	1,552	42	1	(3)	1,353	143	13	(3)
Indiana	1,896	53	1	(3)	607	1,213	22	(3)
Iowa	826	587	7	0	232	0	0	0
Kansas	(4)	(4)	(4)	(4)	(4)	(3)	(3)	(3)
Kentucky	680	10	0	(3)	623	45	2	(3)
Louisiana	1,185	7	(3)	(3)	1,175	3	(3)	(3)
Maine	130	(4)	(4)	(4)	130	(4)	(4)	(4)
Maryland	3,193	924	(4)	(3)	357	1,912	(4)	(3)
Massachusetts	2,620	901	46	65	1,608	(4)	(4)	(4)
Michigan	8,070	(4)	(4)	(4)	632	7,060	378	(4)
Minnesota	1,172	(4)	(4)	(3)	1,017	145	10	(3)
Mississippi	134	0	0	(3)	133	1	0	(3)
Missouri	2,191	132	2	(3)	1,078	972	6	(3)
Montana	160	(4)	(4)	(3)	160	0	0	(3)
Nebraska	2,825	710	42	1	522	1,492	57	1
Nevada	161	(4)	(4)	(3)	161	0	0	(3)
New Hampshire	780	122	33	(3)	215	395	14	(3)
New Jersey	4,396	(4)	(4)	(4)	(4)	(4)	(4)	(4)
New Mexico	555	(4)	(4)	(3)	261	290	4	(3)
New York	4,669	3,355	29	(3)	1,285	(3)	(3)	(3)
North Carolina	6,428	5,028	13	(3)	1,386	0	(3)	0
North Dakota	398	170	2	(3)	214	12	0	(3)
Ohio	3,026	553	54	(3)	1,353	1,010	56	(3)
Oklahoma	1,886	581	0	7	555	561	38	143
Oregon	2,730	1,197	19	7	1,450	8	0	50
Pennsylvania	5,488	2,888	548	(3)	3,762	(3)	(3)	(3)
Puerto Rico	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Rhode Island	346	233	0	0	113	0	0	0
South Carolina	1,009	853	2	(3)	154	0	0	(3)
South Dakota	788	254	0	(3)	312	223	0	(3)
Tennessee	3,574	1,369	4	(3)	1,608	591	2	(3)
Texas	5,848	1,808	11	(3)	3,988	40	1	(3)
Utah	1,056	116	24	11	906	(4)	(4)	(4)
Vermont	990	349	6	0	65	539	24	6
Virgin Islands	23	18	0	0	6	0	0	0
Virginia	2,484	346	1	(3)	995	1,139	4	(3)
Washington	2,442	2,171	81	0	189	0	0	0
West Virginia	732	266	17	(3)	175	258	16	(3)
Wisconsin	5,863	3,349	400	0	1,037	965	113	0
Wyoming	1,180	802	84	(3)	64	230	5	(3)

TABLE 12-17.—NON-JOBS FAMILIES [5] RECEIVING IV-A PAID CHILD CARE, WITH AND WITHOUT EARNED INCOME, BY AFDC PROGRAM STATUS AND BY STATE—FISCAL YEAR 1992—Continued

[Average monthly number]

State	Total [1] families	Families with earnings and: Receiving AFDC-basic				Families without earnings and: Receiving AFDC-basic		
		Receiving AFDC-basic	Receiving AFDC-UP	Applying for AFDC	In transition	Receiving AFDC-basic	Receiving AFDC-UP	Applying for AFDC
U.S. totals	102,908	37,341	1,450	91	38,539	21,339	780	200

[1] "Total Families" may not equal the sum of the categories due to incomplete, inconsistent, or duplicated State reporting.
[2] Children-level data are used as a proxy for one or more categories or for "Total Families."
[3] The State indicates that the data are not applicable.
[4] Data are applicable to the State, but not reported.
[5] Data are reported for AFDC recipients who are employed or participating in a non-JOBS education and training program. Tribal JOBS participants, and families receiving transitional child care.

Source: DHHS/Administration for Children and Families.

TABLE 12-18.—NON-JOBS AFDC FAMILIES [5] RECEIVING IV-A PAID CHILD CARE, BY TYPE OF CARE ARRANGEMENT AND BY STATE—FISCAL YEAR 1992

[Preliminary data]

State	Total [1] families	Families by type of care arrangement (average monthly number): Care provided by a relative		Care provided by a nonrelative in		
		In child's home	Outside child's home	Child's home	Family day care home	Center care
Alabama	(4)	(4)	(4)	(4)	(4)	(4)
Alaska	42	6	5	3	11	19
Arizona	1,301	14	85	4	134	1,063
Arkansas	2,175	14	23	13	168	1,956
California	(4)	(4)	(4)	(4)	(4)	(4)
Colorado	(4)	(4)	(4)	(4)	(4)	(4)
Connecticut	487	(4)	(4)	(4)	(4)	(4)
Delaware	250	1	1	1	72	186
District of Columbia	71	(4)	(4)	(4)	(4)	(4)
Florida	1,944	10	16	16	76	1,826
Georgia	3,994	270	462	280	211	2,771
Guam	0	0	0	0	0	0
Hawaii	190	(4)	(4)	(4)	(4)	(4)
Idaho	295	9	37	16	106	134
Illinois	199	7	14	21	50	107
Indiana	1,289	152	307	68	372	466
Iowa	1,426	(4)	(4)	(4)	(4)	(4)
Kansas	(4)	(4)	(4)	(4)	(4)	(4)
Kentucky	57	5	14	14	22	22
Louisiana	10	1	2	(3)	5	2
Maine	(4)	(4)	(4)	(4)	(4)	(4)
Maryland	2,836	0	0	0	1,370	1,467
Massachusetts	1,012	81	104	388	441	0
Michigan	7,438	(4)	(4)	(4)	(4)	(4)
Minnesota	164	10	22	16	77	39
Mississippi	1	0	1	0	0	0
Missouri	1,113	26	85	55	405	603
Montana	(4)	(4)	(4)	(4)	(4)	(4)
Nebraska	2,303	85	41	101	1,094	1,089
Nevada	(4)	(4)	(4)	(4)	(4)	(4)
New Hampshire	565	30	61	48	110	198
New Jersey	3,254	(4)	(4)	(4)	(4)	(4)
New Mexico	306	15	65	78	43	106
New York	3,384	72	282	168	2,155	708
North Carolina	5,041	322	734	175	627	3,184
North Dakota	184	39	91	21	38	7
Ohio	1,673	0	125	0	799	750
Oklahoma	1,330	1	4	8	142	1,177
Oregon	1,280	213	251	156	636	333
Pennsylvania	3,436	(4)	(4)	(4)	(4)	(4)
Puerto Rico	(3)	(3)	(3)	(3)	(3)	(3)
Rhode Island	233	(4)	(4)	(4)	(4)	(4)
South Carolina	933	(4)	(4)	(4)	(4)	(4)
South Dakota	476	39	67	39	222	132
Tennessee	1,966	50	120	32	241	1,522
Texas	44	1	5	(3)	1	38

TABLE 12-18.—NON-JOBS AFDC FAMILIES[5] RECEIVING IV-A PAID CHILD CARE, BY TYPE OF CARE ARRANGEMENT AND BY STATE—FISCAL YEAR 1992—Continued

[Preliminary data]

State	Total[1] families	Families by type of care arrangement (average monthly number)				
		Care provided by a relative		Care provided by a nonrelative in		
		In child's home	Outside child's home	Child's home	Family day care home	Center care
Utah	151	(2)	(2)	1	45	103
Vermont	925	91	121	100	364	247
Virgin Islands	18	0	1	0	4	13
Virginia	1,490	71	60	62	576	720
Washington	2,378	354	249	430	524	822
West Virginia	557	28	150	0	145	235
Wisconsin	4,827	196	533	150	1,973	1,975
Wyoming	1,121	43	151	27	423	476
U.S. totals	64,169	2,256	4,289	2,491	13,682	24,496

[1] "Total Families" may not equal the sum of the categories due to incomplete, inconsistent, or duplicative State reporting.
[2] The State does not define "Type of Care Arrangements" according to Federal reporting requirements.
[3] The State indicates that the data are not applicable.
[4] Data are applicable to the State, but not reported.
[5] Data are reported for AFDC recipients who are employed or participating in a non-JOBS education and training program, and Tribal JOBS participants.

Source: DHHS, Administration for Children and Families.

TABLE 12-19.—CHILDREN RECEIVING TRANSITIONAL CHILD CARE, BY QUARTER AND BY STATE—FISCAL YEAR 1992, PRELIMINARY DATA

[Average monthly number]

State	October 1991 to December 1991	January 1992 to March 1992	April 1992 to June 1992	July 1992 to September 1992	Fiscal year 1992
Alabama	1,020	950	1,073	1,245	1,072
Alaska	115	107	104	82	102
Arizona	1,427	1,505	1,743	1,887	1,641
Arkansas	329	342	610	471	438
California	2,053	2,130	2,204	2,442	2,207
Colorado	586	586	586	586	586
Connecticut	792	772	803	900	817
Delaware	162	201	226	227	204
District of Columbia[1]	82	68	65	88	76
Florida	4,367	3,930	3,626	3,884	3,952
Georgia	1,160	1,283	1,346	1,606	1,349
Guam	9	8	8	3	7
Hawaii	65	52	41	47	51
Idaho	195	197	230	256	220
Illinois	1,771	2,172	2,504	2,785	2,308
Indiana	673	884	1,194	1,235	997
Iowa	344	339	364	362	352
Kansas	1,572	1,610	1,707	1,096	1,496
Kentucky	860	919	951	920	913
Louisiana	1,688	1,763	1,814	2,129	1,849
Maine	145	173	221	273	203
Maryland	[1] 302	579	633	704	[2] 656
Massachusetts	1,627	2,107	3,744	2,267	2,436
Michigan[1]	654	711	748	415	632
Minnesota	1,488	1,477	1,567	1,815	1,587
Mississippi	219	213	226	215	218
Missouri	1,429	1,581	1,876	2,215	1,776
Montana	305	305	334	348	323
Nebraska[1]	525	530	518	515	522
Nevada	316	414	335	303	342
New Hampshire	287	302	337	407	333
New Jersey	1,704	1,768	2,972	1,811	2,064
New Mexico	[1] 220	439	455	747	[2] 547
New York	1,513	1,731	1,869	2,128	1,808
North Carolina	2,123	2,538	2,914	3,242	2,704
North Dakota	277	276	268	275	274
Ohio	1,827	1,961	2,305	2,707	2,200
Oklahoma	840	872	978	998	922
Oregon	2,309	2,372	2,560	2,993	2,559
Pennsylvania	(4)	(4)	6,041	6,496	6,269
Puerto Rico	(3)	(3)	(3)	(3)	(3)
Rhode Island	177	170	162	(4)	170
South Carolina	195	200	233	221	212
South Dakota	487	486	498	513	496
Tennessee	2,187	2,229	2,896	2,639	2,488

TABLE 12-19.—CHILDREN RECEIVING TRANSITIONAL CHILD CARE, BY QUARTER AND BY STATE—FISCAL YEAR 1992, PRELIMINARY DATA—Continued

[Average monthly number]

State	October 1991 to December 1991	January 1992 to March 1992	April 1992 to June 1992	July 1992 to September 1992	Fiscal year 1992
Texas	5,617	6,258	6,563	7,212	6,414
Utah	788	856	957	1,049	913
Vermont	33	40	55	66	48
Virgin Islands	7	6	6	3	6
Virginia	1,445	1,486	1,486	1,883	1,575
Washington	94	199	409	528	307
West Virginia	296	293	341	342	318
Wisconsin	1,469	1,422	1,722	1,960	1,643
Wyoming [2]	53	65	71	69	65
U.S. totals	50,228	53,877	67,494	69,610	63,667

[1] Family-level data are used as a proxy.
[2] The fiscal year average consists of January 1992 through September 1992.
[3] The State indicates that the data are not applicable.
[4] Data are applicable, but not reported.

Source: DHHS/Administration for Children and Families.

TABLE 12-20.—FAMILIES RECEIVING TRANSITIONAL CHILD CARE BY TYPE OF CARE ARRANGEMENT AND BY STATE—FISCAL YEAR 1992

State	Families by type of care arrangement (average monthly number)					
	Total [1] families	Care provided by a relative		Care provided by a nonrelative in		
		In child's home	Outside child's home	Child's home	Family day care home	Center care
Alabama [2]	1,072	76	105	46	236	609
Alaska	73	1	2	0	21	49
Arizona	940	12	36	2	99	791
Arkansas	345	43	14	3	23	262
California	1,589	128	190	147	701	446
Colorado	314	(4)	(4)	(4)	(4)	(4)
Connecticut	680	(4)	(4)	(4)	(4)	(4)
Delaware	126	0	1	0	34	97
District of Columbia	76	(4)	(4)	(4)	(4)	(4)
Florida	2,447	29	25	40	159	2,195
Georgia	801	84	132	72	50	463
Guam	5	2	3	0	0	1
Hawaii	42	0	5	0	31	6
Idaho	142	4	34	7	65	38
Illinois	1,353	104	388	194	311	357
Indiana	607	81	182	40	212	118
Iowa	232	0	0	0	34	199
Kansas	(4)	(4)	(4)	(4)	(4)	(4)
Kentucky	623	68	116	130	15	295
Louisiana	1,175	128	285	35	550	177

TABLE 12-20.—FAMILIES RECEIVING TRANSITIONAL CHILD CARE BY TYPE OF CARE ARRANGEMENT AND BY STATE—FISCAL YEAR 1992—Continued

State	Families by type of care arrangement (average monthly number)					
	Total [1] families	Care provided by a relative		Care provided by a nonrelative in		
		In child's home	Outside child's home	Child's home	Family day care home	Center care
Maine	130	5	9	12	92	12
Maryland	357	37	24	22	139	136
Massachusetts	1,608	0	0	120	133	1,356
Michigan	632	(4)	(4)	(4)	(4)	(4)
Minnesota	992	29	79	32	514	338
Mississippi	133	15	27	4	17	69
Missouri	1,078	41	118	91	402	488
Montana	160	(4)	40	(4)	81	41
Nebraska	522	27	15	31	291	192
Nevada	161	10	3	13	6	130
New Hampshire	215	11	23	22	43	83
New Jersey	1,352	(4)	(4)	(4)	(4)	(4)
New Mexico	261	20	45	64	38	95
New York	1,285	4	73	5	441	762
North Carolina	1,386	104	292	96	242	652
North Dakota	212	15	54	19	119	27
Ohio	1,353	0	62	0	703	588
Oklahoma	555	1	5	1	64	484
Oregon	1,450	14	348	21	903	194
Pennsylvania	3,762	(4)	(4)	(4)	(4)	(4)
Puerto Rico	(1)	(3)	(3)	(3)	(3)	(3)
Rhode Island	113	5	7	1	16	85
South Carolina	154	(4)	(4)	(4)	(4)	(4)
South Dakota	312	29	37	34	163	63
Tennessee	1,608	110	203	52	273	970
Texas	3,988	46	197	9	105	3,658
Utah [5]	906	(4)	(4)	8	298	600
Vermont	65	11	9	21	17	4
Virgin Islands	6	0	0	0	0	6
Virginia	995	87	82	24	325	477
Washington	200	26	21	33	48	72
West Virginia	175	11	75	(3)	58	67
Wisconsin	1,037	42	115	32	424	424
Wyoming	65	2	9	1	32	21
U.S. totals	39,870	1,462	3,490	1,484	8,528	18,197

[1] "Total Families" may not equal the sum of the categories due to incomplete, inconsistent, or duplicated State reporting.
[2] Children-level data are used as a proxy for one or more categories or for "Total Families."
[3] The State indicates that the data are not applicable.
[4] Data are applicable to the State, but not reported.
[5] The State does not define "Type of Care Arrangements" according to Federal reporting requirements.

Source: DHHS/Administration for Children and Families.

CHILD CARE LICENSING AND IMPROVEMENT GRANTS

The Family Support Act of 1988 (P.L. 100–485) amended title IV–A of the Social Security Act to authorize $13 million for each of fiscal years 1990 and 1991 for Federal matching grants to States for improvement of State licensing and registration requirements and to monitor child care for children receiving AFDC care. The Omnibus Budget Reconciliation Act of 1990 (P.L. 101–508) modified the purposes of the grant program so that, beginning with fiscal year 1991, grants are used for enforcing standards with respect to all title IV–A child care instead of for monitoring AFDC care. The law also required States to spend at least 50 percent of their grants for the training of child care providers. Public Law 101–508 authorized $50 million for the program for each of fiscal years 1992, 1993, and 1994. State allocations are based on the number of AFDC children in a State compared to the total in the United States. States must provide matching funds equal to not less than 10 percent of the amount of the grant. Congress did not appropriate funds for the program for fiscal years 1992 through 1994.

CHILD CARE AND DEVELOPMENT BLOCK GRANT

The Child Care and Development Block Grant program was authorized as an amendment to the Omnibus Budget Reconciliation Act of 1990, and is targeted to child care services for low-income families, as well as for activities to improve the overall quality and supply of child care for families in general. Appropriated funds are distributed to States, territories, and tribes (grantees) based on a formula in law, and no match is required. The formula reserves up to 0.5 percent for the territories and up to 3 percent for Indian tribes and tribal organizations. Remaining funds are allocated to the States based on the States' proportion of children under age 5 and the number of children receiving free or reduced-priced school lunches, as well as the States' per capita income.

The program is authorized for 5 years, through fiscal year 1995, at the following levels: $750 million for fiscal year 1991, $825 million for fiscal year 1992, $925 million for fiscal year 1993, and "such sums as necessary" for fiscal years 1994 and 1995. For fiscal year 1991, $732 million was appropriated for the program and was available for obligation on September 7, 1991. For fiscal year 1993, $893 million was appropriated and is available for obligation on September 30, 1993. Table 12–21 provides State allocations for fiscal years 1992 and 1993.

The law requires States to use 25 percent of their allotments for activities to improve the quality of child care and to increase the availability of early childhood development and before- and after-school child care services. The remaining 75 percent is for child care services *and* for activities to improve the quality and availability of child care. States must use at least 75 percent of the 25 percent share (18.5 percent of a State's total allotment) to establish, expand, or operate, through grants or contracts, early childhood development or before- and after-school child care programs or both. Twenty percent (5 percent of total funds) must be used for at least one or more of the following quality improvement activities: providing assistance to resource and referral programs; providing grants

or loans to assist providers in meeting applicable State and local child care standards; monitoring the compliance and enforcement of State and local regulatory requirements; providing training and technical assistance in relevant child care areas, such as health and safety, nutrition, first aid, child abuse detection and prevention; and improving salaries of child care workers. States can use the remaining 5 percent (1.25 percent) for any of the activities allowed under the 25 percent share. With regard to the 75 percent of funds, regulations provide that 90 percent must be used for services, and up to 10 percent can be used for activities to improve child care quality and availability *and* administrative costs. Grantees can spend more on administrative costs associated with setting up voucher programs if granted permission of DHHS.

Children under age 13 who come from families with incomes at or below 75 percent of the grantee median income and reside with parents (or a parent) who are working, attending school, or in a job training program are eligible for services. Children also are eligible if they are receiving or need to receive protective services. Priority is to be given to serving children in very low-income families and children with special needs.

Child care providers receiving block grant assistance must meet all licensing or regulatory requirements, including registration requirements, applicable under State or local law. Providers who are 18 years of age or older who care only for grandchildren, nieces, or nephews must be registered and comply only with any State requirements that govern relative care. Providers that are *not* required by State or local law to be licensed or regulated must be registered with the State as a condition of funding. Registration procedures must be designed to facilitate payment and permit the State to inform providers of the availability of health and safety training, technical assistance, and other information. Providers (except grandparents, aunts, and uncles) must also meet certain health and safety standards if they are not already doing so. The standards must cover: prevention and control of infectious diseases (including immunization); building and physical premises safety; and minimum health and safety training appropriate to the provider setting (i.e., center, family home, etc.).

States have the option of imposing more stringent standards and requirements on child care providers funded under the program than those imposed on other providers in the State. Any reductions that are made in child care standards must be reported and explained to DHHS in the State's annual report on the program. In addition, States are required to conduct a one-time review of their child care licensing and regulatory requirements and policies. The requirement is to be waived if such a review was conducted in the last 3 years.

States are required to give eligible families the option of (1) enrolling their children with an eligible provider that has a grant from or contract with the State's block grant program or (2) receiving a child care certificate with which they can purchase child care. This option only applies to funding for child care services from the 75 percent portion of the State's allocation. Certificates are not an option in providing early childhood development and before- and after-school care under the 25 percent set-aside.

Child care certificates can be used only to pay for child care services from eligible providers, including sectarian child care providers. Certificates must be issued directly to the parent and must be worth amounts that are commensurate with contract/grant values. States have until October 1, 1992, to have a certificate program in place. States are directed by the regulations to make the certificate option available to all families offered services under the program. Certificates can be checks or other disbursements at the discretion of the State.

Payment rates for child care funded by the block grant must be sufficient to ensure equal access for eligible children to comparable child care in the State or substate area that is provided to children not eligible for Federal or State child care subsidies. In addition, the payment rates must take into account variations in the cost of child care due to setting, age of children, and special needs of children.

The block grant program contains specific requirements with regard to the use of funds for religious activities. Under the program, a provider that receives operating assistance as a result of a direct grant from, or contract with, a Government agency may not use the assistance for any sectarian purpose or activity, including religious worship and instruction. However, a sectarian provider that receives a child care certificate from an eligible parent is not so restricted in the use of funds.

States are required to report annually to the Secretary of DHHS on how they used their funds. Reports are to include information on the number of children served, types and number of providers assisted, child care staff salaries and compensation, improvements made in child care quality and availability, and descriptions of health and safety standards. States must also conduct program audits and submit reports to the State legislature and the Secretary of DHHS. The Secretary of DHHS must report to Congress annually on the State reports.

At the Federal level, the program is administered by the Administration for Children and Families, DHHS. DHHS is required to coordinate all child care activities within the agency and with similar activities in other Federal agencies. DHHS is also required to publish a list of State child care standards at least once every 3 years, give technical assistance to the States in operating their block grant programs, and monitor State compliance with program requirements.

TABLE 12-21.—STATE ALLOCATIONS UNDER THE CHILD CARE AND DEVELOPMENT BLOCK GRANT, 1991–94

[By fiscal years; in thousands of dollars]

State	1991 actual	1992 actual	1993 actual	1994 estimate
Alabama	$16,692	18,408	19,085	19,082
Alaska	1,344	1,535	1,767	1,766
Arizona	12,195	14,064	15,790	15,788
Arkansas	9,043	9,966	10,550	10,548
California	76,561	90,062	100,638	100,622
Colorado	8,074	8,981	9,731	9,730
Connecticut	5,252	5,994	6,475	6,474
Delaware	1,369	1,547	1,702	1,702
District of Columbia	1,420	1,644	1,698	1,697
Florida	32,788	38,408	43,179	43,172
Georgia	21,973	25,037	27,447	27,443
Hawaii	2,642	2,902	3,025	3,025
Idaho	3,628	4,072	4,374	4,373
Illinois	27,217	30,716	33,117	33,112
Indiana	13,731	15,372	16,604	16,601
Iowa	7,191	7,755	8,470	8,468
Kansas	6,853	7,366	7,866	7,865
Kentucky	13,646	15,256	16,298	16,296
Louisiana	21,669	23,624	24,156	24,152
Maine	2,997	3,379	3,657	3,657
Maryland	9,185	10,339	11,444	11,442
Massachusetts	9,858	11,130	12,377	12,375
Michigan	22,120	24,658	26,717	26,712
Minnesota	10,465	11,581	12,366	12,364
Mississippi	14,631	15,845	16,376	16,373
Missouri	13,768	15,270	16,304	16,301
Montana	2,532	2,780	2,944	2,943
Nebraska	4,359	4,809	5,074	5,073
Nevada	2,441	2,874	3,293	3,292
New Hampshire	1,832	2,058	2,241	2,240
New Jersey	12,858	14,805	16,182	16,180
New Mexico	6,994	7,597	8,260	8,258
New York	41,373	46,605	50,536	50,528
North Carolina	20,624	23,390	24,883	24,879
North Dakota	2,092	2,236	2,289	2,288
Ohio	26,424	29,531	32,042	32,037
Oklahoma	11,292	12,524	13,373	13,370
Oregon	7,115	8,139	8,875	8,873
Pennsylvania	25,038	27,797	29,687	29,683
Puerto Rico	22,509	23,545	24,724	24,721

TABLE 12-21.—STATE ALLOCATIONS UNDER THE CHILD CARE AND DEVELOPMENT BLOCK GRANT, 1991-94—Continued

[By fiscal years; in thousands of dollars]

State	1991 actual	1992 actual	1993 actual	1994 estimate
Rhode Island	1,984	2,252	2,478	2,477
South Carolina	13,644	15,351	16,443	16,440
South Dakota	2,747	2,956	3,085	3,084
Tennessee	15,751	17,521	18,585	18,582
Texas	66,622	74,989	80,706	80,694
Utah	6,625	7,137	8,340	8,339
Vermont	1,260	1,432	1,539	1,539
Virginia	13,151	14,844	16,426	16,423
Washington	11,354	12,974	14,029	14,027
West Virginia	6,065	6,479	6,671	6,670
Wisconsin	11,914	13,080	13,937	13,935
Wyoming	1,386	1,517	1,593	1,593
Subtotal	706,298	794,133	859,448	859,308
Territories	3,660	4,115	4,453	4,452
Indian tribe set aside	21,957	24,688	26,719	26,714
Discretionary funds	....	2,062	2,092	2,232
Total budget authority	731,915	825,000	892,711	892,711

Totals may differ from sum of individual amounts because of rounding.

Source: Administration for Children and Families, DHHS.

TITLE XX—SOCIAL SERVICES BLOCK GRANT

Title XX of the Social Security Act authorizes grants to States for providing social services that are determined appropriate by the State. The program operates as a "capped entitlement", under which States are allocated funds based on their relative population size up to a nationwide ceiling. No matching funds are required. In addition, there are no Federal eligibility requirements for participants. The program is administered at the Federal level by ACF, DHHS. The Omnibus Budget Reconciliation Act of 1989 (P.L. 101-239) permanently authorized $2.8 billion annually for the program, beginning in fiscal year 1990.

Available information on use of title XX funds indicates that a majority of States typically spend some portion of their grants on child care services. According to State reports on the intended use of title XX funds (known as preexpenditure reports), 45 States funded child care services in fiscal year 1990. Another source of data on title XX is the Voluntary Cooperative Information System (VCIS) of the American Public Welfare Association funded by DHHS. VCIS is a national data base comprised of aggregate State program statistics. The VCIS found that, based on data from 23 States, child care services accounted for 16 percent of fiscal year 1990 title XX expenditures. In addition, expenditures for child care

services accounted for 22 percent of expenditures for services for children among 14 States. VCIS data from 25 States provide information on eligibility rules States use for title XX services in fiscal year 1990. Twenty of those States determine eligibility for child care services based on income standards. AFDC recipients are eligible for title XX child care in 16 States. Individuals can be eligible for title XX child care in 15 States without regard to income.

More information on title XX, including State allocations, is provided in section 13.

STATE DEPENDENT CARE PLANNING AND DEVELOPMENT GRANTS

The State dependent care grant program provides Federal matching funds to States to plan, develop, establish, expand, improve, or operate before- and after-school child care programs for school-age children and resource and referral systems that provide information on dependent care services. Funds are allotted to States based on State total population compared to the United States' total population, except that no State can receive less than $50,000 in each fiscal year. The program is administered at the Federal level by ACF, DHHS. The program is authorized through fiscal year 1994 by the Augustus F. Hawkins Human Services Reauthorization Act of 1990 (P.L. 101-501). The law authorized $20 million for each of fiscal years 1990 and 1991 and such sums as may be necessary for fiscal years 1992 through 1994. For fiscal year 1993, the dependent care program received $12.9 million in appropriations.

States are required to use 40 percent of their grants on resource and referral systems for services for children and/or the elderly and 60 percent on school-age child care programs and services. These percentage requirements may be waived if States request it. Resource and referral information services funded by the program cannot include dependent care services that are out of compliance with State and local laws. Funds for school-age child care services must be targeted to low-income families. Such services must meet State and local child care licensing laws and regulations. States cannot use funds to make cash payments to intended program recipients of dependent care services, including child care services.

Public Law 101-501 required States to collect information on the number of children who participate in program-funded school-age child care, characteristics of these children, salary levels of child care program employees, and the number of clients served by resource and referral programs funded by the program. DHHS has never compiled this information.

CHILD AND ADULT CARE FOOD PROGRAM

The Child and Adult Care Food program is permanently authorized under the National School Lunch Act of 1946. The program provides Federal financial assistance for breakfasts, lunches, suppers, and snacks as well as commodity assistance for lunches (and when commodities are available, breakfasts) served to children in licensed child care centers and family or group day care homes. Children under age 12, migrant children under age 15, and handicapped children (no age limit) are eligible to participate, although the vast majority of children served are between 3 and 5 years old. Funded at $1.3 billion in fiscal year 1993, the child care food program is the single largest source of direct financial assistance child care. The program is administered at the Federal level by the Food and Nutrition Service of the U.S. Department of Agriculture.

Program sponsorship is restricted to public and private nonprofit sponsors, and generally, to for-profit sponsors if at least 25 percent of the children in their care receive support under the Social Services Block Grant (title XX of the Social Security Act).

The child care food program has three components: a child day care center component, a family and group home care component, and an adult care component. Although *all* children participating in child care centers, as in the school lunch and breakfast programs, are eligible to receive subsidized meals or snacks regardless of their family income, the Federal reimbursement for each meal or snack varies according to need, and the same family income cutoff levels apply. Child care centers may receive subsidies for up to two meals and two snacks, or three meals and one snack for each child in care more than 8 hours a day. Otherwise, subsidies are provided for up to two meals and one snack, or one meal and two snacks per day. The reimbursement rates for meals served in child care centers are the same as those provided for school lunches and breakfasts; there also are snack reimbursement rates set for this program, and these are annually adjusted for inflation.

The family and group home care components of the child care food program operates differently. There is no income test for meals or snacks served,[12] and all breakfasts, lunches, suppers, and snacks are subsidized at the same rates, with variation only by the type of meal being served. Reimbursement is provided for no more than two meals and one snack, or one meal and two snacks per child per day, regardless of the length of time a child is in care, except in Minnesota where a pilot project allows one additional meal or snack reimbursement per child per day. Administrative payments also are provided for sponsors of family and group day care homes, at a set rate per month.

The child care food program is also eligible to receive a guaranteed level of commodity support for each lunch served, and when appropriate commodities are available, for breakfasts. The guaranteed level of commodity assistance may be provided in the form of the actual commodities or in their cash equivalents.

As noted above, for-profit child care centers generally may not participate in the child care food program unless they receive title XX block grant funds for 25 percent or more of the children in their care. Thus, for-profit facilities that serve low-income children without the benefit of title XX block grant funds are not able to participate in the child care food program regardless of how many low-income children are served.

[12] An exception exists for children of individuals operating family and group day care homes, who may not receive federally subsidized meals unless their family income is below 185 percent of poverty.