Child Care Expansion Options
(All dollars in millions)

	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	Five Year Cost
Slots under current law	1,247,856	1,383,186	1,383,753	1,445,628	1,507,465	1,545,991	1,520,776	1,486,585	
Options 1 and 2: Add 1.25 million slots, to double program to 2.5 million slots by FY04									
Slots funded with new money				201,825	403,651	605,476	807,302	1,009,127	
Total Slots				1,647,453	1,911,116	2,151,467	2,328,078	2,495,712	
Option 1: New Federal Dollars at 80/20 match				580	1,187	1,821	2,484	3,177	9,249
Option 2: New Federal Dollars at FMAP				408	835	1,281	1,747	2,235	6,506
Options 3 and 4: Add 1 million slots, to reach 2.25 million slots by FY04									
Slots funded with new money				152,254	304,509	456,763	609,017	761,271	
Total Slots				1,597,882	1,811,973	2,002,754	2,129,793	2,247,856	
Option 3: New Federal Dollars at 80/20 match				438	895	1,374	1,874	2,397	6,978
Option 4: New Federal Dollars at FMAP				308	630	966	1,318	1,686	4,908

As you requested, following is a quick estimate of the amount of new child care funds that would be needed in order to either: (1) double the number of children receiving assistance from the FY97 participation level (i.e., increase from 1.25 million to 2.5 million); or (2) add another 1 million children to the program. As with last year's budget, I estimated the amount of new funds that, in combination with funds provided in welfare reform, could result in the desired participation levels. We estimate that funding increases provided in welfare reform will account for 240,000 of the new slots.

	New Federal $ at 80% match	New Federal $ at FMAP (average of 56%)
Double to 2.5 million slots:	$9.3 billion	$6.5 billion
Add 1 million slots, for a total of 2.25 million slots:	$7 billion	$5 billion

Re-estimates of last year's proposal (at an 80/20 match) indicate that the $7.5 million in new funds, when combined with amounts provided in welfare reform, would allow the program to add 900,000 new slots. Last year's proposal costs more, while adding less slots, as compared to the $7 billion option above to add 1 million slots at an 80/20 match. The reason is that last year's proposal added a large number of slots in the first year, whereas, all options presented here add the same number of slots each year. Adding a large number of slots in the early years raises the overall cost of the program because those slots must then be maintained for a greater number of years.

Let me know if you have questions.

DEPARTMENT OF HEALTH & HUMAN SERVICES

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Care mk

Child Care and Development Fund
Average Number of Children Served Per Month by States and Territories

States/Territories	Children Served
Alabama	28,161
Alaska*	2,461
American Samoa*	258
Arizona	28,760
Arkansas	10,472
California	78,740
Colorado	9,788
Connecticut	35,817
Delaware	5,208
District of Columbia*	719
Florida	40,076
Georgia	65,919
Guam*	292
Hawaii	3,787
Idaho	5,420
Illinois	55,678
Indiana*	20,783
Iowa	9,124
Kansas	12,415
Kentucky	23,453
Louisiana	21,628
Maine*	8,036
Maryland	20,278
Massachusetts	45,000
Michigan	76,218
Minnesota*	15,429
Mississippi	12,590
Missouri	32,450
Montana	4,092
Nebraska	9,167
Nevada	6,939
New Hampshire*	6,400
New Jersey	30,000
New Mexico	7,451
New York*	49,120
North Carolina	70,377
North Dakota	2,992
Northern Mariana*	109
Ohio	60,728
Oklahoma	37,967
Oregon	18,951
Pennsylvania*	39,742
Puerto Rico*	6,673
Rhode Island	6,291
South Carolina	11,784
South Dakota	3,993
Tennessee	44,190
Texas	46,103
Utah	13,850
Vermont	4,653
Virgin Islands*	452
Virginia	24,675
Washington	46,234
West Virginia	8,597
Wisconsin	13,700
Wyoming	2,568
Total	**1,247,856**

*Monthly average calculated on a ratio of 1 child regularly served (full and part time) to 1.458 children in the aggregate (calculated from a sample of States). All other numbers were actual or estimates provided by States.

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FY 1997 ESTIMATED CCDF SUBSIDY PER CHILD

Expenditures in FY 1997 /1:	**Direct Services Only**	
Prior Year Discretionary /2	692,690,294	/3
FY97 Discretionary (incl. TANF transfers)	173,737,305	
FY97 Mandatory	911,485,725	
FY97 Matching (State & Federal)	1,005,985,737	
FY97 MOE	800,120,616	/3
Total Dollars	$3,584,019,677	

Children Served:

Avg. Monthly Number of Children Served by CCDF	1,247,856

Avg. CCDF Subsidy/Child	**$2,872**

/1 Taken from ACF-696 and ACF-269 Fiscal Reports.
/2 Expenditures made in FY97 from FY96, FY95 & FY94 Discretionary allocations.
/3 Estimated at 85% of total expenditures (FY97 CCDF average).

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ESTIMATED NUMBER OF CCDF CHILDREN SERVED

FY 2000 Budget Request
(using FY97 actual data)

	Current Law	President's Initiative *	Total
FY 1997	1,247,856	-	1,247,856
FY 1998	1,382,057	-	1,382,057
FY 1999	1,384,201	-	1,384,201
FY 2000	1,446,307	340,674	1,786,981
FY 2001	1,508,129	420,668	1,928,797
FY 2002	1,546,478	450,522	1,997,000
FY 2003	1,520,776	500,668	2,021,444
FY 2004	1,486,585	623,102	2,109,687
FY97-04 Increase:			861,831

* Assumes child care expansion starts in FY2000.

FY 1999 President's Budget
(using FY95 actual data)

	Current Law	President's Initiative	Total
FY 1997	1,443,735	-	1,443,735
FY 1998	1,489,872	-	1,489,872
FY 1999	1,512,109	314,370	1,826,479
FY 2000	1,569,283	424,591	1,993,874
FY 2001	1,637,922	489,898	2,127,820
FY 2002	1,681,481	558,974	2,240,455
FY 2003	1,654,902	680,787	2,335,689
FY97-03 Increase:			891,954

ESTIMATES OF CHILDREN SERVED - CURRENT LAW

	Actual FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Funding Available (B.A./Grants): /1								
FY96 Discretionary /2	899,806,530							
Discretionary	18,163,696	975,098,520	975,098,520	975,098,520	975,098,520	975,098,520	975,098,520	975,098,520
TANF transfers /3	187,538,096	187,538,096	187,538,096	187,538,096	187,538,096	187,538,096	187,538,096	187,538,096
	1,105,508,322	1,162,636,616	1,162,636,616	1,162,636,616	1,162,636,616	1,162,636,616	1,162,636,616	1,162,636,616
less $50M Earmark /4	1,105,508,322	1,112,636,616	1,162,636,616	1,162,636,616	1,162,636,616	1,162,636,616	1,162,636,616	1,162,636,616
Mandatory	1,199,050,700	1,177,524,781	1,177,524,781	1,177,524,781	1,177,524,781	1,177,524,781	1,177,524,781	1,177,524,781
Matching (Federal)	723,691,800	842,972,719	940,717,719	1,136,217,719	1,331,717,719	1,478,342,719	1,478,342,719	1,478,342,719
Matching (State)	551,286,747	652,194,293	727,818,011	879,073,184	1,030,328,357	1,143,769,736	1,143,769,736	1,143,769,736
avg. FMAP	56.8%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%	56.4%
MOE Rqmt.	908,252,925	887,607,151	887,607,151	887,607,151	887,607,151	887,607,151	887,607,151	887,607,151
	3,382,282,172	3,560,298,944	3,733,667,662	4,080,422,635	4,427,178,008	4,687,244,387	4,687,244,387	4,687,244,387
TOTAL FUNDS AVAILABLE	$4,487,790,494	$4,672,935,560	$4,896,304,278	$5,243,059,451	$5,589,814,624	$5,849,881,003	$5,849,881,003	$5,849,881,003
Expenditures:								
First Year Expenditures	3,885,905,292	4,046,219,414	4,239,630,778	4,539,880,461	4,840,130,183	5,065,317,460	5,065,317,460	5,065,317,460
As % of Total Avail.	87%	87%	87%	87%	87%	87%	87%	87%
Expenditures from PY funds /5	347,350,800	717,319,783	626,716,148	656,673,500	703,178,970	749,684,440	784,563,543	784,563,543
Total Expenditures During FY	4,233,256,092	4,763,539,197	4,866,346,925	5,196,553,961	5,543,309,153	5,815,001,901	5,849,881,003	5,849,881,003
DIRECT EXPENDITURES	3,584,019,677	4,032,975,526	4,120,016,071	4,389,580,681	4,693,155,493	4,923,179,883	4,952,709,727	4,952,709,727
As % of Total Expend.	85%	85%	85%	85%	85%	85%	85%	85%
Children Served:								
Avg. Annual Subsidy/Child	$2,872	$2,918	$2,976	$3,042	$3,112	$3,183	$3,257	$3,332
Increase in CPI-U /6		1.6%	2.0%	2.2%	2.3%	2.3%	2.3%	2.3%
Avg. CCDF Children Served/Month	1,247,858	1,382,057	1,384,201	1,448,307	1,508,129	1,546,476	1,620,776	1,486,585

1 Excludes amounts for Tribes, Territories and T&TA.
2 These funds were not available for obligation until Sept. 30, 1996.
3 TANF transfers held constant in the outyears at FY97 actual levels.
4 Enacted for FY98 funds only.
5 Includes remaining CCDF funds from prior year. For FY97-98, includes residual discretionary funds from pre-FY96 allocations.
6 OMB's Midsession Review economic assumptions.

ESTIMATES OF CHILDREN SERVED - PRESIDENT'S INITIATIVE

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Budget Authority:					
Matching 1/	1,130,900,000	1,253,400,000	1,371,000,000	1,567,000,000	2,022,700,000
State Matching 2/	282,725,000	313,350,000	342,750,000	391,750,000	505,675,000
Total Available	1,413,625,000	1,566,750,000	1,713,750,000	1,958,750,000	2,528,375,000
First Year Expenditures	1,224,035,051	1,356,623,515	1,483,908,441	1,696,049,983	2,189,279,069
As % of Total Avail.	87%	87%	87%	87%	87%
Expenditures from PY funds	-	189,589,949	210,126,485	229,841,559	262,700,017
Total Expenditures During FY	1,224,035,051	1,546,213,464	1,694,034,925	1,925,891,542	2,451,979,086
Direct Expenditures	1,036,310,021	1,309,077,306	1,434,228,021	1,630,525,778	2,075,929,521
As % of Total Expend.	85%	85%	85%	85%	85%
Avg. Annual subsidy/child	$3,042	$3,112	$3,183	$3,257	$3,332
Increase in CPI-U /3	2.2%	2.3%	2.3%	2.3%	2.3%
Additional Children Served	340,674	420,668	450,522	500,668	623,102

/1Excludes Tribal setaside and amount available to the Secretary for quality assurance ($1 million).

/2 Assumes 80% match rate.

/3 OMB's Midsession Review economic assumptions.