



Child Care

ACTION

- Support the Right Start Act, S. 18, sponsored by Senators Tom Daschle (D-SD) and Christopher Dodd (D-CT), to increase the availability and affordability of quality child care.
- For FY 2002, expand child care funding by increasing discretionary funding within the Child Care and Development Block Grant (CCDBG) by \$76 million to \$2.076 billion, and by increasing mandatory spending by \$303 million to \$2.870 billion. This is a first step in reaching the goals established in S. 18. The \$817 million increase last year was an important step in building a system that addresses the needs of families and improves the care of children, but more is needed.
- Expand the current Dependent Care Tax Credit by making it refundable, targeting it more toward lower- and middle-income families, and add a tax credit for mothers who do not work outside the home.
- Increase Head Start funding by \$300 million to a total of \$6.5 billion in FY 2002; increase Head Start to \$9.75 billion by 2006, as required by S. 18.
- Fully fund and strengthen the Early Learning Opportunities Act to provide resources to community collaboratives to build stronger, more responsive early childhood systems, including parent education and family support programs. This act, similar to legislation sponsored by Senators Edward Kennedy (D-MA) and Ted Stevens (R-AK), was adopted in last year's appropriations bill for the Department of Health and Human Services and funded at \$20 million.
- Support legislation that will increase the reimbursement rates that child care providers receive as a way to boost salaries, improve the quality of child care services, and stabilize the child care workforce.

HISTORY

The 1996 welfare reform law fundamentally changed the way the federal government provides funding to the states for child care. As policymakers debated welfare reform, they acknowledged the need for greater child care services if mothers were required to work.

The 1996 law combined child care funds under the old Aid to Families with Dependent Children (AFDC) program with the annual discretionary CCDBG to create the Child Care Development Fund (CCDF). For FY 2001, states have available more than \$4.5 billion in federal dollars from CCDF. This is in addition to approximately \$3 billion states are spending on child care through the federal and state Temporary Assistance for Needy Families (TANF) funds.

The 1996 welfare reform law provided states with approximately \$1.1 billion annually in "mandatory" child care funds. The law also provides additional funds states can receive if they match the dollars at the Medicaid matching rate. In the first year, 1997, states received \$800 million in matching funds. In FY 2001, matching funds are \$1.3 billion.

States also receive CCDBG discretionary funds. Until FY 2000, this funding level was set at approximately \$1.1 billion. In FY 2001, funding was increased to \$2 billion. These funds do not require a match.

The 1996 welfare reform law allows states to transfer up to 30% of their federal TANF block grant into CCDF or spend funds directly out of TANF. For FY 1999, the last year of complete data, states spent \$2.3 billion in federal TANF funds on child care.

Finally, states are required to spend a minimum amount of state dollars on TANF—TANF Maintenance-of-Effort (MOE). Child care spending qualifies as MOE spending; states spent a total of \$1.4 billion in TANF MOE funds on child care in FY 1999.

Despite this large increase, and despite large state investments, studies commissioned by the U.S. Department of Health and Human Services (HHS) and data reported by the Child Care Bureau indicate a tremendous need still exists for greater child care services and improvements.

High turnover within the child care workforce affects the quality of services. Many states report difficulty keeping people working in the child care field due to low wages. This is especially true since many schools are seeking more primary and secondary teachers and offering much higher salaries.

KEY FACTS

- Recent HHS reports indicate only 12% of all potentially eligible children, or 1.7 million, were receiving CCDF subsidized child care in 1999.¹
- Under the law, states can, at their option, cover families up to 85% of the state median income. Few states provide benefits at this level.²
- A report commissioned by HHS and published in December 2000 studied states' increased child care spending. For the 17 states studied, the median spending increase was 78% between 1997 and 1999. Nonetheless, these states were serving 20% or fewer of eligible families.³
- According to U.S. Census data, in 1996, three out of four mothers with children ages 6–17 were working, compared with one in four in 1965. In 1996, two-thirds of mothers with children under age 6 were working.⁴

SOURCES

1. U.S. Child Care Bureau. (1999). *Child Care and Development Block Grant/Child Care and Development Fund*. Available online at www.acf.dhhs.gov/news/cctable.htm. Washington, DC: U.S. Child Care Bureau, Administration for Children and Families, Department of Health and Human Services.
2. Child Care and Development Fund, 45 CFR, Parts 98 and 99.
3. Abt Associates (2000). *National study of child care for low-income families: State and community substudy interim report*. Prepared for U.S. Department of Health and Human Services, Administration for Children and Families, November 2, 2000. Cambridge, MA: Author.
4. U.S. Department of Health and Human Services. (December 6, 2000). New statistics show only small percentage of eligible families receive child care help. HHS press release, available online at www.acf.dhhs.gov/news/ccstudy.htm. Washington, DC: HHS.

CWLA CONTACT

John Sciamanna
202/639-4919
jsciamanna@cwla.org
www.cwla.org/advocacy



Child Welfare League of America

HEADQUARTERS
440 First Street, NW, Third Floor
Washington, DC 20001-2085
202/638-2952 • Fax 202/638-4004 • www.cwla.org