



2002

ACTION

- Reauthorize the Child Care and Development Fund (CCDF).
- Double the number of children receiving subsidized child care from two million to four million over the next five years by adding \$20 billion in mandatory funding.
- Continue to recognize child cares dual mission as a child development program and a support for working families by increasing federal funding and raising the current child care quality set-aside within CCDF from 4% to 8%. This will expand services and improve quality of care.
- Strengthen the current child care law to clarify that children in the foster care system have the same status and eligibility for child care as children in the child protection system. This change will compliment current law that makes all children in protective services categorically eligible, but not entitled, to child care regardless of a parents work or income status.
- Support legislation, or include in child care reauthorization legislation requirements, to 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.
- Increase funding for Head Start and Early Head Start so the program can increase the number of children and families served while improving the quality of the program.
- Continue Head Starts mission as a comprehensive child development, child care, and child- and family-focused program administered by the U.S. Department of Health and Human Services (HHS).

Child Welfare
League of America
202/638-2952
Fax 202/638-4004
www.cwla.org

HISTORY

This year, Congress will reauthorize CCDF, created in the 1996 welfare reform law. That law, which fundamentally changed the way the federal government provides funding to the states for child care, combined child care funds under the old Aid to Families with Dependent Children program with the annual discretionary Child Care Development Block Grant (CCDBG) to create CCDF. For FY 2002, states have available more than \$4.7 billion in federal dollars from CCDF, in addition to approximately \$4 billion they are spending on child care through federal and state Temporary Assistance for Needy Families (TANF) funds.

The 1996 welfare law provides states with approximately \$1.1 billion annually in mandatory child care funds. States can receive additional funds if they match the federal dollars with state dollars. In FY 2002, the federal government has provided \$1.5 billion in matching funds. States also receive CCDBG discretionary funds. CCDBG funding increased from \$1.1 billion to \$2 billion in FY 2001, and to \$2.1 billion in FY 2002. 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 child care. In FY 2000, states spent \$3.9 billion in TANF funds transferred into CCDF or spent directly out of the TANF block grant. That total exceeded the \$3.4 billion in federal funds provided through CCDF in that year.

Despite this large increase, and despite large state investments, studies commissioned by HHS, and data reported by the Child Care Bureau, indicate a tremendous need still exists for greater child care services and improvements.

States have flexibility in setting eligibility standards. A state may make any family making up to 85% of the state median income eligible for a child care subsidy. Children must be younger than 13, and their parents must be in work or education. Children in the protective services system or in need of protective services are eligible regardless of their parents' eligibility. A child in foster care, however, qualifies only if a state indicates in the state child care plan that the foster care system is considered part of their child protection system.

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. The competition for child care funds means that the same dollars needed to make more families and children eligible are also needed to improve child care wages and reimbursement rates.

KEY FACTS

- Recent HHS reports indicate only 12% of all potentially eligible children, or 1.8 million, received 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, however.²
- A report commissioned by HHS and published in December 2000 studied states' increased child care spending. For the 17 states studied, between 1997 and 1999, the median spending increase was 78%. Nonetheless, these states were serving 20% or fewer of eligible families.³
- In fiscal year 2000, 44 states transferred \$2.4 billion from their TANF block grant into CCDF; 35 states spent \$1.5 billion directly out of their TANF block grant on child care. This combined \$3.9 billion in TANF funds spent on child care exceeded the fiscal 2000 federal child care funds provided through CCDF.⁴
- 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.⁵
- The child care workforce is under serious challenge. A recent study found that 75% of all teaching staff and 40 % of all directors in 1996 were no longer on the job when those centers were revisited in 2000.⁶

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 the U.S. Department of Health and Human Services, Administration for Children and Families, November 2, 2000). Cambridge, MA: Author.
4. Schumacher, R.; Greenberg, M.; & Duffy, J. (2001). *The impact of TANF funding on state child care subsidy program*. (Policy Brief, September 2001). Washington, DC: Center for Law and Social Policy.
5. U.S. Department of Health and Human Services. (December 6, 2000). *New statistics show only small percentage of eligible families receive child care help*. (Press release). Available online at www.acf.dhhs.gov/news/ccstudy.htm. Washington, DC: Author.
6. Whitebook, M.; Sakai, L.; Gerber, E.; Howes, C. (2001). *Then & now: Changes in child care staffing, 1994–2000*. Washington, DC: Center for the Child Care Workforce.

CWLA CONTACT

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



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