



MEMORANDUM

February 13, 2009

To: U.S. House of Representatives Committee on Education and Labor
Attention: Denise Forte

From: Karen Lynch (x7-6899)
Analyst in Social Policy
Domestic Social Policy Division

Subject: **Estimated State Allocations for a \$2 Billion Increase in Child Care and Development Block Grant (CCDBG) Discretionary Funding under the H.R. 1 Conference Agreement**

This memorandum responds to your request for state allocation estimates for CCDBG discretionary grants under the proposed funding increase included in the H.R. 1 conference agreement.

What is the CCDBG?

The CCDBG is the primary source of federal funding dedicated solely to child care subsidies for low-income working families (regardless of welfare status). Through the CCDBG, low-income parents receive vouchers or other reimbursement for child care costs to enable them to work or participate in education or training activities. Generally, families must provide a co-payment for child care, but co-pays may be waived under certain circumstances. Authorization for the CCDBG expired in FY2002. However, the discretionary program has continued to receive funding through annual appropriations bills, including \$2.062 billion under the current FY2009 continuing resolution (P.L. 110-329).

Discretionary CCDBG funds are allocated among states according to a formula that is based on each state's share of children under age five, the state's share of children receiving free or reduced-price lunches, and state per capita income. Half of 1% of appropriated funds is reserved for the territories, and between 1% and 2% is reserved for payments to Indian tribes and tribal organizations. There is no state match required in order to receive these discretionary funds.

CCDBG in the H.R. 1 Conference Agreement

H.R. 1 includes \$2.0 billion in discretionary funding for CCDBG. These funds would be made available immediately upon enactment and would remain available for obligation through September 30, 2010. The conference agreement specifies that these funds should be used to supplement, not supplant, state funding spent on child care assistance for low-income families. It also specifies that a sum of approximately \$255 million be reserved, out of the total appropriated to CCDBG, for activities designed to: (1) provide comprehensive consumer education to parents and the public; (2) increase parental choice; and (3) improve quality and availability of child care (such as resource and referral services). This sum

would augment the amount that states are already required to use for such activities (not less than 4% of the total amount received by each state, per section 658G of the Child Care and Development Block Grant Act). CRS assumes that these funds will be distributed to states in a manner which is roughly proportional to each state's current share of CCDBG funds.

The H.R. 1 conference agreement does not provide guidance to the U.S. Department of Health and Human Services (HHS), the Federal agency administering the CCDBG, on whether or not all funds should be obligated in the first year of availability. The table below depicts two possible options for how HHS might obligate these funds to states:

- Option 1: Assumes that HHS will obligate the full \$2 billion in FY2009.
- Option 2: Assumes that HHS will obligate half of these funds in FY2009 (\$1.0 billion), and the rest of these funds in FY2010 (\$1.0 billion).

Table 1. Estimated State Allocations from Discretionary Increases to the Child Care and Development Block Grant (CCDBG) under the H.R. 1 Conference Agreement

(amounts in dollars)

| | FY2009 CCDBG Base Grants | Option 1: \$2.0 Billion Increase in FY 2009 | | Option 2: \$2.0 Billion Increase Over 2 Years | |
|-----------------------------------|--------------------------------|--|-----------------------------------|---|--|
| | | Estimated Increase in FY2009 | Total New FY2009 Allocation | Estimated Annual Increase for Each of FY2009 and FY2010 | New Annual Allocations for Each of FY2009 and FY2010 |
| States (incl. DC & PR) | | | | | |
| Alabama | \$39,455,200 | +38,569,886 | \$78,025,086 | +19,284,943 | \$58,740,143 |
| Alaska | 4,139,352 | +4,046,471 | 8,185,823 | +2,023,236 | 6,162,588 |
| Arizona | 52,178,480 | +51,007,675 | 103,186,155 | +25,503,838 | 77,682,318 |
| Arkansas | 25,776,770 | +25,198,379 | 50,975,149 | +12,599,189 | 38,375,959 |
| California | 225,909,176 | +220,840,121 | 446,749,297 | +110,420,061 | 336,329,237 |
| Colorado | 24,934,291 | +24,374,804 | 49,309,095 | +12,187,402 | 37,121,693 |
| Connecticut | 14,035,746 | +13,720,805 | 27,756,551 | +6,860,403 | 20,896,149 |
| Delaware | 4,662,030 | +4,557,421 | 9,219,451 | +2,278,711 | 6,940,741 |
| Dist. of Columbia | 2,754,222 | +2,692,421 | 5,446,643 | +1,346,211 | 4,100,433 |
| Florida | 108,025,965 | +105,602,028 | 213,627,993 | +52,801,014 | 160,826,979 |
| Georgia | 84,966,546 | +83,060,027 | 168,026,573 | +41,530,014 | 126,496,560 |
| Hawaii | 6,613,695 | +6,465,294 | 13,078,989 | +3,232,647 | 9,846,342 |
| Idaho | 12,252,127 | +11,977,208 | 24,229,335 | +5,988,604 | 18,240,731 |
| Illinois | 75,659,968 | +73,962,275 | 149,622,243 | +36,981,137 | 112,641,105 |
| Indiana | 43,858,369 | +42,874,255 | 86,732,624 | +21,437,127 | 65,295,496 |
| Iowa | 18,584,431 | +18,167,425 | 36,751,856 | +9,083,712 | 27,668,143 |
| Kansas | 18,886,561 | +18,462,776 | 37,349,337 | +9,231,388 | 28,117,949 |

| | FY2009 CCDBG Base Grants | Option 1: \$2.0 Billion Increase in FY 2009 | | Option 2: \$2.0 Billion Increase Over 2 Years | |
|----------------|--------------------------------|--|-----------------------------------|---|--|
| | | Estimated Increase in FY2009 | Total New FY2009 Allocation | Estimated Annual Increase for Each of FY2009 and FY2010 | New Annual Allocations for Each of FY2009 and FY2010 |
| Kentucky | 35,791,464 | +34,988,359 | 70,779,823 | +17,494,179 | 53,285,643 |
| Louisiana | 41,037,825 | +40,116,999 | 81,154,824 | +20,058,500 | 61,096,325 |
| Maine | 6,930,841 | +6,775,324 | 13,706,165 | +3,387,662 | 10,318,503 |
| Maryland | 24,655,436 | +24,102,206 | 48,757,642 | +12,051,103 | 36,706,539 |
| Massachusetts | 24,580,092 | +24,028,553 | 48,608,645 | +12,014,276 | 36,594,368 |
| Michigan | 60,182,432 | +58,832,031 | 119,014,463 | +29,416,015 | 89,598,447 |
| Minnesota | 26,764,996 | +26,164,431 | 52,929,427 | +13,082,215 | 39,847,211 |
| Mississippi | 31,776,041 | +31,063,036 | 62,839,077 | +15,531,518 | 47,307,559 |
| Missouri | 39,671,315 | +38,781,152 | 78,452,467 | +19,390,576 | 59,061,891 |
| Montana | 5,894,033 | +5,761,780 | 11,655,813 | +2,880,890 | 8,774,923 |
| Nebraska | 12,101,217 | +11,829,684 | 23,930,901 | +5,914,842 | 18,016,059 |
| Nevada | 14,681,569 | +14,352,137 | 29,033,706 | +7,176,069 | 21,857,638 |
| New Hampshire | 4,857,406 | +4,748,413 | 9,605,819 | +2,374,207 | 7,231,613 |
| New Jersey | 34,978,554 | +34,193,689 | 69,172,243 | +17,096,845 | 52,075,399 |
| New Mexico | 18,272,338 | +17,862,335 | 36,134,673 | +8,931,167 | 27,203,505 |
| New York | 99,261,727 | +97,034,446 | 196,296,173 | +48,517,223 | 147,778,950 |
| North Carolina | 69,271,103 | +67,716,766 | 136,987,869 | +33,858,383 | 103,129,486 |
| North Dakota | 3,737,084 | +3,653,230 | 7,390,314 | +1,826,615 | 5,563,699 |
| Ohio | 69,884,101 | +68,316,009 | 138,200,110 | +34,158,005 | 104,042,106 |
| Oklahoma | 30,930,206 | +30,236,180 | 61,166,386 | +15,118,090 | 46,048,296 |
| Oregon | 23,086,241 | +22,568,221 | 45,654,462 | +11,284,111 | 34,370,352 |
| Pennsylvania | 61,685,514 | +60,301,386 | 121,986,900 | +30,150,693 | 91,836,207 |
| Puerto Rico | 34,272,484 | +33,503,462 | 67,775,946 | +16,751,731 | 51,024,215 |
| Rhode Island | 5,357,778 | +5,237,558 | 10,595,336 | +2,618,779 | 7,976,557 |
| South Carolina | 37,245,344 | +36,409,616 | 73,654,960 | +18,204,808 | 55,450,152 |
| South Dakota | 5,599,715 | +5,474,066 | 11,073,781 | +2,737,033 | 8,336,748 |
| Tennessee | 43,005,277 | +42,040,305 | 85,045,582 | +21,020,152 | 64,025,429 |
| Texas | 220,348,192 | +215,403,917 | 435,752,109 | +107,701,959 | 328,050,151 |
| Utah | 22,937,777 | +22,423,089 | 45,360,866 | +11,211,544 | 34,149,321 |
| Vermont | 2,895,603 | +2,830,630 | 5,726,233 | +1,415,315 | 4,310,918 |
| Virginia | 38,861,133 | +37,989,149 | 76,850,282 | +18,994,574 | 57,855,707 |
| Washington | 34,204,434 | +33,436,939 | 67,641,373 | +16,718,470 | 50,922,904 |
| West Virginia | 13,381,005 | +13,080,756 | 26,461,761 | +6,540,378 | 19,921,383 |

| | Option 1: \$2.0 Billion Increase in FY 2009 | | | Option 2: \$2.0 Billion Increase Over 2 Years | |
|--|--|------------------------------------|-----------------------------------|---|--|
| | FY2009 CCDBG Base Grants | Estimated Increase in FY2009 | Total New FY2009 Allocation | Estimated Annual Increase for Each of FY2009 and FY2010 | New Annual Allocations for Each of FY2009 and FY2010 |
| Wisconsin | 31,273,430 | +30,571,702 | 61,845,132 | +15,285,851 | 46,559,281 |
| Wyoming | 2,652,696 | +2,593,174 | 5,245,870 | +1,296,587 | 3,949,283 |
| Subtotal, States | 1,994,759,332 | +1,950,000,000 | 3,944,759,332 | +975,000,000 | 2,969,759,332 |
| Territories | | | | | |
| America Samoa | 2,535,971 | +2,459,623 | 4,995,594 | +1,229,812 | 3,765,783 |
| Guam | 4,022,522 | +3,901,420 | 7,923,942 | +1,950,710 | 5,973,232 |
| N. Mariana Islands | 1,887,360 | +1,830,539 | 3,717,899 | +915,270 | 2,802,630 |
| Virgin Islands | 1,864,552 | +1,808,418 | 3,672,970 | +904,209 | 2,768,761 |
| Subtotal, Territories^a | 10,310,405 | +10,000,000 | 20,310,405 | +5,000,000 | 15,310,405 |
| Tribes ^b | 41,241,617 | +40,000,000 | 81,241,617 | +20,000,000 | 61,241,617 |
| Technical Assistance | 5,155,202 | -- | 5,155,202 | -- | 5,155,202 |
| Child Care Aware | 964,923 | -- | 964,923 | -- | 964,923 |
| Research & Evaluation | 9,649,427 | -- | 9,649,427 | -- | 9,649,427 |
| Total | 2,062,080,906 | +2,000,000,000 | 4,062,080,906 | +1,000,000,000 | 3,062,080,906 |

Source: Table prepared by the Congressional Research Service, based on estimated FY2009 base allocation data published by the Department of Health and Human Services.

Notes: The H.R. 1 conference agreement would make \$2.0 billion in discretionary CCDBG funds available for obligation immediately upon enactment through September 30, 2010. Option 1 assumes that HHS will obligate the full \$2.0 billion in FY2009. Option 2 assumes that HHS will obligate half of the funds in FY2009 and half of the funds in FY2010. H.R. 1 also includes a set-aside of \$255,186,000 for quality improvement activities, of which \$93,587,000 are reserved for quality of infant and toddler care. CRS assumes that HHS will distribute these funds to states in a manner that is roughly proportional to current funding allocations. FY2009 CCDBG base grants are based on pre-stimulus estimates for FY2009 funding, as reported in the HHS FY2009 budget request.

- a. Territories may receive up to one half of one percent of total discretionary funds; these estimates assume Territories will request that full allotment.
- b. Tribes may receive up to 2% of total discretionary funds; these estimates assume that Tribes will request that full allotment.