

# CRS Report for Congress

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## **Child Care Issues in the 108<sup>th</sup> Congress**

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# Child Care Issues in the 108<sup>th</sup> Congress

## Summary

The 108<sup>th</sup> Congress inherited several child care-related agenda items from the previous Congress: possible reauthorization of both the Child Care and Development Block Grant (CCDBG) and the welfare block grant (Temporary Assistance for Needy Families (TANF), and FY2003 appropriations for many programs, including child care-related programs under the Departments of Health and Human Services (HHS) and Education. In addition to the variety of federal programs administered by HHS and the Department of Education that support child care or related services, there are tax provisions to assist families with the cost of child care.

The task of passing an FY2003 appropriations measure was completed in the form of the Consolidated Appropriations Resolution 2003, signed into law (P.L. 108-7) on February 20, 2003. Among other funding, the law included \$2.1 billion (subject to a rescission of \$13.6 million) in discretionary funds for the CCDBG and \$6.668 billion for Head Start. Mandatory child care funding and TANF block grant funding (both of which expired at the end of FY2002) have been provided at the FY2002 level via a series of temporary extensions, while each program continues to await reauthorization. Most recently, a seventh short-term extension (H.R. 4589) to provide funding through September 30, 2004, was signed into law (P.L. 108-262) on June 30, 2004.

Two weeks prior to the signing of the FY2003 appropriations law, the Administration released its budget request for FY2004. It proposed to maintain level funding for the CCDBG, TANF, and the Social Services Block Grant (SSBG), while providing increases for Head Start, Early Reading First, and Individuals with Disabilities Education Act (IDEA) grants for infants and families. The budget requested cuts in funding for the 21<sup>st</sup> Century Community Learning Centers and Even Start.

In addition to the requested funding levels, the President's FY2004 budget included proposals to transfer the Head Start program from HHS to the Department of Education, and to offer states the opportunity to administer the Head Start program, both in the context of the program's anticipated reauthorization. The House-passed reauthorization bill (H.R. 2210) does not include the transfer proposal, but does propose an eight-state demonstration program. The Senate HELP committee-reported bill (S. 1940) contains neither the transfer nor the state demonstration proposals, and differs markedly from the House-passed bill. Changes already underway in the Head Start program include a Strategic Teacher Education Program and a national reporting system for assessing programs' effectiveness with respect to promoting school readiness.

An FY2004 appropriations bill was not signed into law (P.L. 108-199) until January 23, 2004 — 10 days before the President's FY2005 budget was released. He requests level funding for the CCDBG, SSBG, 21<sup>st</sup> CCLC and IDEA preschool, and increases for Head Start, Early Reading First, and IDEA infants and families. The President proposes no funding for the Early Learning Fund and Even Start. This report will be updated to reflect legislative activity.

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# Child Care Issues in the 108<sup>th</sup> Congress

## Recent Developments

On July 14, 2004, the House Committee on Appropriations approved and ordered reported a bill (number not yet available) which would make FY2005 appropriations for the Departments of Labor, Health and Human Services, and Education. The bill proposes \$2.1 billion (rounded) for the discretionary funding portion of the Child Care and Development Block Grant, which reflects the same level as proposed in FY2004, *before* an across-the-board cut ultimately reduced FY2004 CCDBG funding by \$12.4 million. Head Start funding under this bill would be increased to \$6.899 billion (\$124 million more than the FY2004 funding level, but less than the \$6.944 billion requested in the President's FY2005 budget). FY2005 funding for the Social Services Block Grant would be maintained at \$1.7 billion, however the percentage of a state's TANF block grant that it may transfer to the SSBG would be reduced from 10% to 4.5%. (For proposed funding amounts of other child care-related programs included in the committee bill, see ***FY2005 Appropriations - In Process***, later in this report.)

On June 30, 2004, the seventh in a series of short-term extensions funding the mandatory portion of the Child Care and Development Fund was signed into law (H.R. 4589/P.L. 108-262) by the President. This extension continues mandatory funding for the CCDF at the rate of \$2.717 billion annually, through September 30, 2004. The extension also continues funding for Temporary Assistance for Needy Families through this period. Both the TANF and CCDF programs continue to await reauthorization.

On March 30, 2004, during the second day of Senate consideration of the Finance Committee-reported welfare reauthorization bill (H.R. 4), the Senate approved (78-20) Senator Snowe's amendment (S.Amdt. 2937) proposing to increase mandatory child care funding by \$6 billion (over five years) above the \$1 billion increase included in the underlying bill (H.R. 4). No other amendments were voted upon, and this legislation to reauthorize TANF and CCDF has yet to receive any further action.

On February 2, 2004, the Administration released President Bush's budget request for FY2005. (For proposed funding amounts included for child care and related programs, see ***President Bush's FY2005 Budget Request***, later in this report.)

On January 23, 2004, an omnibus appropriations bill for FY2004 (H.R. 2673/H.Rept. 108-401) was signed into law (P.L. 108-199). The omnibus bill consolidates appropriations for multiple agencies, including the Departments of HHS and Education, both of which administer child care-related programs. (For funding amounts included for child care and related programs in the omnibus see ***FY2004:***

*Comparing President Bush's Budget Proposals to the Final Appropriation Levels*, later in this report.)

On November 24, 2003, the Senate Health, Education, Labor, and Pensions Committee reported a Head Start reauthorization bill (S. 1940), which differs significantly from the reauthorization bill passed by the House (H.R. 2210) in July 2003. (For more information on Head Start, see CRS Report RL30952 *Head Start Issues in the 108<sup>th</sup> Congress*.)

On September 9, 2003, the House Ways and Means Committee amended and reported H.R. 7, the Charitable Giving Act of 2003. Representative Camp's amendment to permanently maintain the 10% transfer authority (from TANF to SSBG) was accepted. However, Representative Cardin's amendment to increase the SSBG funding from \$1.7 billion to \$2.8 billion was defeated.

## Federal Child Care-Related Programs and Tax Provisions

Several federal programs support child care or related services, primarily for low-income working families. In addition, the tax code includes provisions specifically targeted to assist families with child care expenses. Descriptions of those programs and tax provisions follow, as does **Table 1**, which shows funding (or estimated revenue loss or obligations where applicable) for the programs and tax provisions for the past five years. In many cases, other Congressional Research Service (CRS) reports are referenced as sources for more detailed information about individual programs. Several programs are up for reauthorization this year (i.e., CCDBG, TANF, Head Start, and IDEA), and readers should be aware that this report does not attempt to cover all issues connected with each of those reauthorizations.

**Child Care and Development Block Grant (CCDBG).**<sup>1</sup> The primary federal grant program funding child care is the CCDBG, which was created in 1990, and reauthorized and substantially expanded in 1996, as part of welfare reform. The CCDBG was up for reauthorization during the second session of the 107<sup>th</sup> Congress, and remains so in the second session of the 108<sup>th</sup> Congress. The CCDBG is administered by HHS, and provides formula block grants to states, which use the grants to subsidize the child care expenses of families with children under age 13, if the parents are working or in school and family income is less than 85% of the state median. (In practice, many states establish income eligibility levels that are lower than this federal threshold.<sup>2</sup>) Child care services are provided on a sliding fee scale basis, and parents may choose to receive assistance through vouchers or certificates, which can be used with a provider of the parents' choice, including sectarian providers and relatives.

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<sup>1</sup> For more information, see CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Alice Butler and Melinda Gish.

<sup>2</sup> For more information on states' Child Care and Development Fund (CCDF) plans, see CRS Report RL31605, *Child Care: State Programs Under the Child Care and Development Fund*, by Melinda Gish and Shannon Harper.

States receiving CCDBG funds must establish child care licensing standards, although federal law does not dictate what these standards should be or what types of providers must be covered. In addition, states must have health and safety requirements applicable to all providers receiving CCDBG subsidies that address prevention and control of infectious diseases, building and physical premises safety, and health and safety training for care givers. However, federal law does not dictate the specific contents of these requirements.

The CCDBG is funded through both discretionary and capped entitlement grants (referred to in combination as the Child Care and Development Fund, or CCDF), and state maintenance-of-effort (MOE) and matching requirements apply to part of the entitlement funds.<sup>3</sup> States must use at least 4% of their total funds to improve the quality and availability of child care, and according to statute, must target 70% of entitlement funds on welfare recipients working toward self-sufficiency or families at risk of welfare dependency. However, because all families falling below the 85% of state median income requirement can be categorized as “at risk,” the 70% targeting of the welfare and at-risk population does not necessarily mean welfare families must be served. In theory, all funds may be used for low-income, non-welfare, working families. However, state plans indicate that many states guarantee child care to welfare families. No more than 5% of state allotments may be used for state administrative costs.

For FY2004, the consolidated appropriations act (P.L. 108-199) provides \$2.1 billion (minus an across-the-board rescission of 0.59%) in discretionary funding for the Child Care and Development Block Grant. Mandatory (or “entitlement”) CCDBG funding for FY2003 was provided at the FY2002 rate (\$2.717 billion for the year), under a series of funding extensions. The seventh and most recent extension (H.R. 4589) was signed into law (P.L. 108-262) by the President on June 30, 2004 and provides funding (at the same FY2002 rate) through September 30, 2004.

**Temporary Assistance for Needy Families (TANF).** TANF, created in the 1996 welfare reform law (P.L. 104-193), provides fixed block grants (\$16.5 billion annually through FY2002, and extended through September 30, 2004, by P.L. 108-262) for state-designed programs of time-limited and work-conditioned aid to needy families with children. Child care is one of many services for which states may use TANF funding. In FY2002, HHS reports that states spent \$1.6 billion in federal TANF funds for child care within the TANF program, and \$1.9 billion in state TANF and separate state program (SSP) MOE funds. (Of that \$1.9 billion in state spending, approximately \$900 million could be “double counted” as state spending toward the CCDF MOE requirement.) In addition, states may transfer up to 30% of their TANF allotments to the CCDBG (CCDF), to be spent according to the rules of that program (as opposed to TANF rules). The transfer from the FY2002

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<sup>3</sup> For more detailed information on the CCDF financing structure and spending trends, see CRS Report RL31274, *Child Care: Funding and Spending Under Federal Block Grants*, by Melinda Gish.

TANF allotment to the CCDBG totaled \$2.1 billion (representing 12% of the FY2002 TANF allotment).<sup>4</sup>

**Child and Adult Care Food Program (CACFP).** The CACFP provides federal funds (in some cases commodities) for meals and snacks served in licensed child care centers, family and group day care homes, and Head Start centers. Child care providers that are exempt from state licensing requirements must comply with alternative state or federal standards. Children under 12, migrant children under 15, and children with disabilities of any age may participate, although most are preschoolers. Eligible providers are usually public and private nonprofit organizations. The CACFP is an open-ended entitlement, administered by the Department of Agriculture. For FY2004, obligations are estimated to be \$2.0 billion.<sup>5</sup>

**Social Services Block Grant (SSBG).** Title XX of the Social Security Act authorizes Social Services Block Grants, which may be used for social services at the states' discretion. There are no federal income eligibility requirements, targeting provisions, service mandates, or matching requirements. An HHS analysis of state expenditures indicates that almost 8% of *total SSBG expenditures* made in FY2002 (\$205 million) were for child care in that year, almost equal to those made for child care in FY2001 (\$201 million). Title XX is a capped entitlement, and state allocations are based on relative population size. It should be noted that although the SSBG has an entitlement ceiling, appropriations may not always abide by it. For example, the ceiling in FY2001 was at the current level of \$1.7 billion; however, Congress appropriated \$1.725 billion for that year, despite the ceiling. The Consolidated Appropriations Act of 2004 (P.L. 108-199) provides \$1.7 billion for the SSBG. (Note: the SSBG is not a discretionary program, and thus is not affected by the across-the-board rescission.)<sup>6</sup>

**Head Start.** Head Start provides comprehensive early childhood education and development services to low-income preschool children, typically (but not always) on a part-time basis. The Head Start program is due to be considered for reauthorization this year. Under current law, Head Start funds are provided directly by HHS to local grantees, which must comply with detailed federal performance standards. However, in its FY2004 budget request, the Administration proposed to give *states* the opportunity to administer Head Start, provided they demonstrate how Head Start will be coordinated with other preschool programs and services to emphasize developing skills and behaviors including language development; pre-reading skills; numeracy; and social and emotional competence, while meeting state-established accountability standards. This proposal proved controversial in both the House and Senate, and current legislation finds a more limited version of it in the

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<sup>4</sup> For more information on use of TANF funding for child care, see CRS Report RL31274, *Child Care: Funding and Spending Under Federal Block Grants*, by Melinda Gish.

<sup>5</sup> See CRS Report RL31577, *Child Nutrition and WIC Programs: Background and Funding*, by Joe Richardson.

<sup>6</sup> See CRS Report 94-953, *Social Services Block Grant (Title XX of the Social Security Act)*, by Melinda Gish.

House reauthorization bill, and no sign of it in the Senate's committee reported bill. The Head Start reauthorization bill passed by the House (H.R. 2210) on July 25, 2003, would restrict the state demonstration option to a maximum of eight states, whereas the Senate HELP Committee-reported bill (S. 1940), proposes no state demonstration option.<sup>7</sup> Similarly, the President's FY2004 budget proposal to fully transfer authority over the Head Start program from HHS to the Department of Education by FY2005 has not been championed in either the House or Senate.

The most recent available data show funded enrollment for Head Start in FY2003 to have totaled 909,608 children (of whom almost 73,000 were under age three, participating in Early Head Start). The Consolidated Appropriations Act of 2004 (P.L. 108-199) provides \$6.775 billion for Head Start, of which \$1.4 billion becomes available in FY2005. (Note: while in FY2003, Head Start was *not* subject to the across-the-board offset, in the FY2004 law Head Start is subject to the 0.59% rescission. The \$6.775 billion reflects the rescission.)

**21<sup>st</sup> Century Community Learning Centers (21<sup>st</sup> CCLC).** The 21<sup>st</sup> Century Community Learning Centers program is administered by the Department of Education and is authorized under the Elementary and Secondary Education Act (ESEA), as amended in 2002 by the No Child Left Behind Act (P.L. 107-110).<sup>8</sup> Funding for the 21<sup>st</sup> CCLC program is provided to states under a formula grant, based on states' shares of Title I, Part A funds. States then use their allocations to make competitive awards to local educational agencies, community-based organizations, or consortia of public or private agencies who primarily serve students who attend schools with concentrations of poor students or low-performing schools. The focus of the program is to provide after-school academic enrichment opportunities for children in these communities. The appropriation provided by the FY2004 Consolidated Appropriations Act (P.L. 108-199) is \$1 billion (minus an across-the-board rescission of 0.59%, which reduces the total to \$999 million).

**Even Start.** The Department of Education administers the Even Start program, which provides grants for family literacy projects that include early childhood education.<sup>9</sup> Appropriations for FY2004 are \$247 million (including the 0.59% rescission).

**Individuals with Disabilities Education Act (IDEA) Programs.** The Individuals with Disabilities Education Act (IDEA) authorizes an early intervention program for infants and toddlers with disabilities and their families, and preschool grants for children with disabilities.<sup>10</sup> Congress is considering reauthorizing IDEA this year. FY2004 appropriations for the IDEA infants and toddlers program are

<sup>7</sup> For more information, see CRS Report RL30952, *Head Start Issues in the 108<sup>th</sup> Congress*, by Melinda Gish.

<sup>8</sup> For more information, see CRS Report RL31240, *21<sup>st</sup> Century Community Learning Centers in P.L. 107-110: Background and Funding*, by Gail McCallion.

<sup>9</sup> For more information, see CRS Report RL30448, *Even Start Family Literacy Programs: Background and Reauthorization Issues*, by Gail McCallion.

<sup>10</sup> For more information, see CRS Report RL31273, *Individuals with Disabilities Education Act (IDEA): Early Childhood Programs (Section 619 and Part C)*, by Richard Apling.

\$444 million, and the funding level for the preschool grants program is \$388 million (including the rescissions for both programs).

**Early Learning Fund/Early Learning Opportunities Act Program.**

This HHS program (referred to by both names), authorized by the FY2001 Consolidated Appropriations Act (P.L. 106-554), provides grants to communities to enhance school readiness for children under five, specifically by funding efforts to improve the cognitive, physical, social, and emotional development of these children. Although authorized at \$600 million, FY2002 funding for the program was set at \$25 million; FY2003 funding was set at \$34 million (despite the President's FY2003 budget proposal to eliminate the program) and for FY2004, P.L. 108-199 includes \$34 million for the Early Learning Fund.

**Early Reading First.** The Early Reading First program, authorized by the Elementary and Secondary Education Act of 1965 (as amended), supports local efforts to enhance the school readiness of young children — particularly those from low-income families — through scientific research-based strategies and professional development that are designed to enhance the verbal skills, phonological awareness, letter knowledge, and pre-reading skills of preschool age children.<sup>11</sup> The program provides competitive grants to eligible local educational agencies (LEAs) and to public or private organizations or agencies that are located in eligible LEAs. The Department of Education may award grants for up to six years. In FY2004, this program is funded at \$94 million.

**Early Childhood Educator Professional Development.** The Department of Education provides competitive grants to partnerships to improve the knowledge and skills of early childhood educators who work in communities that have high concentrations of children living in poverty. For FY2004, \$15 million was appropriated for these grants.

**Loan Forgiveness for Child Care Providers.** Authorized under the Higher Education Act amendments of 1998, the loan forgiveness for child care providers program aims to retain and encourage more highly trained individuals to enter into the early child care profession. "Early child care" covers activities and services provided for the education and care of children from birth through age five. Under this program, borrowers who have earned a degree in early childhood education, and work for two full years as a child care provider in a low-income community, may have a portion of their federal program loan obligations forgiven. FY2001 marked the first year that this program was funded, at \$1 million — the same amount appropriated for FY2004 (minus the rescission of 0.59%).

**Child Care Access Means Parents in School (CAMPIS).** Authorized under the Higher Education Act amendments of 1998, and first funded for FY1999 at \$5 million, the CAMPIS program is designed to support the participation of low-income parents in post-secondary education through campus-based child care services. Discretionary grants of up to four years in duration are awarded

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<sup>11</sup> For more information, see CRS Report RL31241, *Reading First and Early Reading First: Background and Funding*, by Gail McCallion.

competitively to institutions of higher education, to either supplement existing child care services, or to start a new program. Funding for FY2004, as included in the Consolidated Appropriations Act, is \$16 million (minus a rescission of 0.59%).

**Dependent Care Tax Credit (DCTC).** The DCTC is a non-refundable tax credit for employment-related expenses incurred for the care of a dependent child under 13 or a disabled dependent or spouse, under Section 21 of the tax code.<sup>12</sup> Beginning in tax year 2003, the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16) increases the maximum credit rate to 35% of expenses up to \$3,000 for one child (for a credit of \$1,050), and up to \$6,000 for two or more children (for a credit of \$2,100). The 35% rate will apply to taxpayers with adjusted gross incomes of \$15,000 or less. The rate will decrease by 1% for each additional \$2,000 increment (or portion thereof) in income until the rate reaches 20% for taxpayers with incomes over \$43,000. The current estimated revenue loss for FY2004 is \$3.1 billion, as determined by the Joint Committee on Taxation (JCT).

**Dependent Care Assistance Program (DCAP).** Under Section 129 of the tax code, payments made by a taxpayer's employer for dependent care assistance may be excluded from the employee's income and, therefore, not be subject to federal income tax or employment taxes.<sup>13</sup> The maximum exclusion is \$5,000. Section 125 of the tax code allows employers to include dependent care assistance, along with other fringe benefits, in nontaxable flexible benefit or "cafeteria" plans. The estimated revenue loss associated with this income exclusion is \$800 million in FY2004.

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<sup>12</sup> For more information, see CRS Report RS21466, *Dependent Care: Current Tax Benefits and Legislative Issues*, by Christine Scott.

<sup>13</sup> *ibid.*

**Table 1. Funding for Federal Child Care and Related Programs, FY2000-FY2004**

(\$ in millions)

Program	2000	2001	2002	2003	2004
CCDBG (discretionary portion) <sup>a</sup>	\$1,183	\$2,000	\$2,100	\$2,086 <sup>i</sup>	\$2,087 <sup>i</sup>
CCDBG (entitlement portion)	2,367	2,567	2,717	2,717 <sup>e</sup>	2,717 <sup>e</sup>
TANF <sup>b</sup>	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>	<sup>b</sup>
Child and Adult Care Food	1,690 <sup>d</sup>	1,742 <sup>d</sup>	1,831 <sup>d</sup>	1,925 <sup>d</sup>	2,019 <sup>d</sup>
Social Services Block Grants <sup>d</sup>	1,775 <sup>e</sup>	1,725 <sup>e</sup>	1,700 <sup>e</sup>	1,700 <sup>e</sup>	1,700 <sup>e</sup>
Head Start	5,267 <sup>f</sup>	6,200 <sup>f</sup>	6,538 <sup>f</sup>	6,667 <sup>g</sup>	6,775 <sup>f,i</sup>
21 <sup>st</sup> Century Community Learning Centers	454	846	1,000	994 <sup>i</sup>	999 <sup>i</sup>
Even Start	150	250	250	248 <sup>i</sup>	247 <sup>i</sup>
IDEA Infants and Families	375	384	417	434 <sup>i</sup>	444 <sup>i</sup>
IDEA Preschool Grants	390	390	390	387 <sup>i</sup>	388 <sup>i</sup>
Early Learning Fund / ELOA	0	20	25	34 <sup>i</sup>	34 <sup>i</sup>
Early Reading First	n/a	n/a	75	75 <sup>i</sup>	94 <sup>i</sup>
Early Childhood Educator Prof. Develop.	0	10	15	15 <sup>i</sup>	15 <sup>i</sup>
Loan forgiveness for child care providers	0	1	1	1 <sup>i</sup>	0
Child care Access Means Parents in School	5	25	22 <sup>j</sup>	16 <sup>i</sup>	16 <sup>i</sup>
Dependent Care Tax Credit	2,200 <sup>h</sup>	2,500 <sup>h</sup>	2,500 <sup>h</sup>	3,200 <sup>k</sup>	3,100 <sup>k</sup>
Dependent Care Assistance Program	400 <sup>h</sup>	500 <sup>h</sup>	600 <sup>h</sup>	800 <sup>h</sup>	800 <sup>h</sup>

**Source:** Table prepared by the Congressional Research Service (CRS).

- a. The CCDBG discretionary amounts shown in each column reflect the appropriated funding to be made available for that given year, taking the advance funding into account.
- b. TANF funds (\$16.5 billion annually) may be used for child care, but are not specifically appropriated as such. HHS reports that states spent \$1.6 billion in federal TANF funds for child care within the TANF program in FY2002. Also, the FY2002 transfer from the FY2002 TANF allotment to the CCDBG totaled \$2.1 billion (representing 12% of the TANF allotment).
- c. Funding for TANF and the mandatory portion of CCDBG funding for FY2003 was provided (at the FY2002 rates) through a series of temporary extensions. For FY2004, funding is provided through September 30, 2004 (P.L. 108-262).
- d. Estimated obligations, Department of Agriculture.
- e. Total SSBG appropriation amount shown. In FY2001 (most recent data available), \$201 million in SSBG expenditures were for child care.
- f. In each of these years, \$1.4 billion was advance appropriated for the following year.
- g. Of the \$6.668 billion, \$5.268 billion was available for FY2003, and \$1.4 billion became available in FY2004. The \$5.268 billion is exempt from rescissions (or "offsets") included in P.L. 108-7. However, the advance appropriation of \$1.4 billion for FY2004, included in P.L. 108-7 is subject to the 0.59% rescission included in the FY2004 appropriations law (P.L. 108-199).
- h. Estimated revenue loss, Joint Committee on Taxation.
- i. Amount reflects rescission included in P.L. 108-7. See text for precise amount of rescission.

- j. This amount excludes \$3 million in unobligated funds transferred to the Program Administration account to help offset a \$3.7 million rescission in administrative and related expenses pursuant to section 803 of the FY2002 Supplemental Appropriations Act.
- k. Estimated revenue loss, Joint Committee on Taxation. Note: The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) raised the limit on expenses allowed for the credit, beginning in tax year 2003.
- l. These discretionary programs were subject to an across-the-board rescission of 0.59% included in P.L. 108-199. For the larger programs, the listed amount reflects the rescission, whereas for the smaller programs, the use of rounding in the table masks the decrease in the actual appropriation.

n/a not applicable, program not authorized prior to FY2002.

## FY2003 Appropriations

For FY2003, Congress did not pass an individual bill making appropriations for the Departments of Labor, HHS, and Education. Instead, with 11 of 13 appropriations bills yet to be completed at the close of the 2002 fiscal year (September 30, 2002), followed by the end of the calendar year and Congressional session, the new 108<sup>th</sup> Congress undertook the task of passing an omnibus appropriations bill. They ultimately passed a consolidated resolution (H.J.Res. 2/H.Rept.108-10), and it was signed into law (P.L. 108-7) by the President on February 20, 2003. Funding for the Departments of Labor, HHS, and Education was included in Division G of the law, and those levels are reflected in the FY2003 column of **Table 1**.

Readers should be aware that the Consolidated Appropriations Resolution, 2003 (P.L. 108-7), included provisions (Division N, Title VI) to cut a percentage (0.65%) of discretionary funding provided in specified Divisions (A-K), as an offset to increased spending in the law. The FY2003 amounts shown in **Table 1** reflect the “across-the-board” cut, however, in some cases the rescinded portion is small enough to not affect the rounded total. See program descriptions in the earlier text for the precise amount of each rescission. Of the programs addressed in this report, only Head Start received discretionary funding from this act that was specifically exempted from the percentage reduction.<sup>14</sup>

In the period between the beginning of FY2003 and enactment of P.L. 108-7, funding for programs lacking FY2003 appropriations measures was extended on a temporary basis via a series of continuing resolutions (CRs). A total of nine CRs were signed into law (the final being H.J.Res. 18/P.L. 108-5) before the Consolidated Appropriations Resolution, 2003 (H.J.Res. 2) was enacted (P.L. 108-7).

## FY2004: Comparing President Bush’s Budget Proposals to the Final Appropriation Levels

President Bush released his Administration’s proposed budget for FY2004 on February 3, 2003. A final appropriations bill was not signed into law (P.L. 108-199) until January, 23, 2004, following a series of continuing resolutions. The omnibus

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<sup>14</sup> The provision to exempt Head Start from any across-the-board rescission was proposed by Sen. Dodd as an amendment to H.J.Res. 2, and was accepted by the Senate.

bill consolidates appropriations for multiple agencies, including the Departments of HHS and Education, both of which administer child care-related programs. The following is a summary of child care-related funding and initiatives proposed in the FY2004 budget documents, and how those compare to enacted funding levels. **Table 2** shows how the funding requested by the President for FY2004 compares to House and Senate proposals, and ultimately, to the levels signed into law (P.L. 108-199).

**CCDBG.** The Administration's FY2004 budget included a request for the same *rounded* levels of CCDBG discretionary and mandatory ("entitlement") funding as were appropriated for FY2003 (and FY2002): \$2.1 billion in discretionary funding, and \$2.717 billion in mandatory funding. Likewise, the budget request proposed that the same set-asides be reserved from the discretionary funding total: \$19 million for child care resource and referral (of which \$1 million would be dedicated for the Child Care Aware hotline); \$273 million for quality child care activities (of which \$100 million would be dedicated to improving infant and toddler care); and \$10 million for child care research and evaluation.

The FY2004 appropriations law included the President's requested level of funding for the discretionary portion of the CCDBG, minus an across-the-board rescission of 0.59% that applied to many discretionary programs in the bill. The rounded figure remains \$2.1 billion for FY2004, and that amount encompasses all the set-asides requested by the President. (The mandatory portion of CCDBG funding is not appropriated as part of the appropriations bill process; however, such funding has been provided at the same rate as in FY2003 through March 31, 2004 under separate legislation.)

**Social Services Block Grant.** The President's FY2004 budget proposed to continue funding the SSBG at its authorized level of \$1.7 billion. The Administration also proposed to maintain states' authority to transfer up to 10% of their TANF allotments to the SSBG if they so choose.

The FY2004 appropriations law provides the same level of funding for the SSBG as was appropriated in FY2003, and as was requested by the President. The transfer authority of 10% was also maintained.

**Head Start.** The Administration's FY2004 budget request included a funding increase for Head Start of \$148 million, which would have taken its total to \$6.816 billion (of which \$1.4 billion would be advance appropriated for FY2005). The budget request also included background information and proposals that were expected to be addressed as part of the program's anticipated reauthorization in 2004.

According to the FY2004 budget request, the Administration expects that in FY2004 almost 923,000 children will receive Head Start services, including 62,000 in Early Head Start. The Administration contends that the increased funding, coupled with the President's proposal to allow *states* to administer Head Start in coordination with other preschool programs, will enable the program to maintain current service levels and increase enrollment by up to 10,500 children. The FY2004 budget explained that "in order to improve coordination between Head Start and other federal, state, and local programs affecting pre-school children, the President plans to move responsibility for managing the Head Start program from the

Department of Health and Human Services to the Department of Education.”<sup>15</sup> It proposed that this transition begin in 2004, with the Department of Education assuming full responsibility for the program in 2005.

As yet, the Administration’s transfer proposal has not been included in any legislative proposals introduced this Congress, however, the House reauthorization bill (H.R. 2210) would allow state administration for up to a maximum of eight states. The bill reported from the Senate HELP Committee, S. 1940, contains no such provision to allow state administration of Head Start.

The FY2004 consolidated appropriations law includes \$6.816 billion, minus an across-the-board rescission of 0.59%, which reduces the Head Start funding total to approximately \$6.775 billion.

**21<sup>st</sup> Century Community Learning Centers.** The Administration requested \$600 million for 21<sup>st</sup> CCLC, a decrease of \$394 million from the FY2003 level. In the explanation of the request for less funding, the budget justification cited “disappointing initial findings from a rigorous evaluation of the centers funded in the program’s first three years” (1999-2001).

Despite the President’s initial request, Congress proposed (and the President approved) funding the 21<sup>st</sup> CCLC program at a level of \$1 billion. With the across-the-board rescission taken into account, the appropriation for FY2004 is \$999 million.

**Even Start.** The Administration requested \$175 million for Even Start in FY2004, which marked a decrease of \$73 million from the FY2003 funding level. The Department of Education’s budget justifications cited the results from national evaluations of Even Start as support for decreasing the program’s funding level. Furthermore, Even Start was among programs rated as “ineffective” by the Office of Management and Budget’s new “Program Assessment Rating Tool” (PART). According to the Administration, the PART identified several weaknesses in Even Start, including lack of numerical targets to demonstrate progress toward short-term and long-term goals, and also cited findings from the aforementioned national evaluations.

The FY2004 appropriations law funds Even Start at a level of \$248 million, less the rescission, reducing it to \$247 million, still more than the President’s requested amount.

**IDEA Grants for Infants and Families.** The Administration requested \$447 million for the IDEA grants for infants and families in FY2004, which reflected an increase of almost \$13 million above the FY2003 funding level. The Administration asserted that the proposed funding level would help states in meeting rising costs associated with implementing statewide systems, expanding child-find activities, serving larger numbers of children, increasing the focus on providing

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<sup>15</sup> See *Fiscal Year 2004 Budget of the U.S. Government: Analytical Perspectives*, p. 251.

services in natural environments, and improving transition services for children with disabilities and their families.

The FY2004 appropriation is slightly below the President's request, as the across-the-board rescission reduces the funding level to \$444 million.

**IDEA Preschool Grants.** The Administration requested \$390 million for the IDEA preschool grants in FY2004 — the same rounded level as appropriated in FY2003 prior to the rescission, which decreased funding by about \$2.5 million. In 2002, the preschool grant program served 617,394 children aged three through five years, and the Department of Education predicts that the number of children that are served will increase by 2.5% from 2003 to 2004.

As with the IDEA grants for infants and families, the FY2004 appropriations law funds the IDEA preschool grants at the level requested by the President — less the 0.59% rescission — which brings it to a level of \$388 million.

**Early Learning Fund/Early Learning Opportunities Act Program.** The Administration requested no funds in its FY2004 budget for this program. Instead, the President proposed to fund similar activities through the Early Reading First program and the Early Childhood Education Professional Development Grant.

Although the House followed the President's lead in proposing to eliminate the Early Learning Opportunities Act program, the Senate favored funding it, and ultimately, the FY2004 appropriations law included \$34 million for this program.

**Early Childhood Educator Professional Development.** The Administration requested \$15 million for supporting Early Childhood Educator Professional Development in FY2004, the same level provided in FY2003, prior to the \$98,000 rescission. According to budget justifications, the request would support a new round of grants for use in helping local communities (especially those with high concentrations of young children in poverty) to improve the knowledge and skills of early childhood educators and care givers.

The FY2004 appropriations law includes \$25 million for Early Childhood Educator Professional Development, as requested by the President in his FY2004 budget.

**Early Reading First.** The Administration requested \$100 million for the Early Reading First program in FY2004, an increase of \$25 million over the FY2003 funding level. The proposed increase would support efforts in additional low-income communities to develop model programs for fostering the school readiness of young children. As mentioned above, the Administration proposed to eliminate the Early Learning Opportunities Act program (also known as the Early Learning Fund) to fund similar programs through the Early Reading First program and the Early Childhood Education Professional Development Grant (see above).

The Early Reading First program received an increase in funding under the FY2004 appropriations law, but not as much as was requested by the President. The law includes \$94 million for this program in FY2004.

**Child Care Access Means Parents in School (CAMPIS).** The Administration requested \$15 million in FY2004 for CAMPIS. This marks a decrease of slightly over \$1 million from the FY2003 appropriation level. The Administration stated that the FY2004 funds would be used for the continuation of grants first funded in FY2001 and FY2002. No funds were requested for new grant awards.

The FY2004 appropriations law maintains CAMPIS funding at a level of \$16 million — \$1 million more than was requested by the President.

**Loan Forgiveness for Child Care Providers.** The Administration requested no funding for this program in FY2004, and none was appropriated. According to the Department of Education's budget justifications, "funding at the current level [\$994,000 in FY2003] is not cost-effective to administer and does not support a broad enough pool of recipients from which representative data on the effectiveness of loan forgiveness can be assessed." The same document notes that the elimination of funding would not affect existing recipients, because funds have already been obligated to support them through the five-year forgiveness period.

**Table 2. Comparison of FY2004 President's Request and House and Senate Proposals with Final FY2004 Appropriations**  
(\$ in millions)

Program	FY2004 President's request	FY2004 House-passed bill H.R. 2660	FY2004 Senate-passed version H.R. 2660	FY2004 Omnibus H.R. 2673 (H.Rept. 108-401) <sup>a</sup> P.L. 108-199
CCDBG discretionary	\$ 2,100	\$2,100	\$2,100	\$2,087
CCDBG mandatory	2,717	— <sup>b</sup>	— <sup>b</sup>	— <sup>b</sup>
SSBG	1,700	1,700	1,700	1,700
Head Start	6,816	6,816	6,816	6,775
21st CCLC	600	1,000	1,000	999
Even Start	175	250	175	247
IDEA infants and families	447	447	447	444
IDEA Preschool	390	390	390	388
Early Learning Fund	0	0	38	34
Early Childhood Educator Professional Development	15	15	15	15
Early Reading First	100	100	85	94
Child Care Access Means Parents in School (CAMPIS)	15	15	16	16
Loan Forgiveness for child care providers	0	0	0	0

**Source:** Table prepared by the Congressional Research Service (CRS).

- a. The omnibus appropriations law includes an across the board rescission of 0.59% that applies to discretionary programs listed here (among others). The Department of Education has released tables with the appropriation amounts reflecting the rescission, and that is reflected in the table, as are the amounts included in the FY2005 HHS budget justifications, which reflect the rescission. Please note, however, that in some cases the rescission amount is negligible due to rounding used in this table.
- b. The mandatory portion of CCDBG funding is not included in the Labor/HHS/ED or omnibus appropriations bills. Like the TANF block grant, the mandatory child care funding has been funded via additional legislative action in the form of temporary extensions. (Currently, funding is provided through September 30, 2004 via P.L. 108-262.)

The final column of **Table 2** shows the final child care and related program funding amounts included in the omnibus as passed into law. These were the levels agreed to in conference (H.Rept. 108-401). Previously, the House passed its version of a Labor/HHS/ED FY2004 appropriations bill (H.R. 2660) on July 10, 2003, and **Table 2** shows the amounts that were included in that bill for comparison. Likewise, the table shows the amounts that were included in the amended version of H.R. 2660 as passed by the Senate on September 10, 2003. All amounts can be compared to the President's requested funding levels, shown in the first column of numbers.

## President Bush's FY2005 Budget Request

On February 2, 2004, President Bush released his budget request for FY2005. For several programs, such as the CCDBG, SSBG, and 21stCCLC, the President proposes to maintain funding at the same rounded level provided in FY2004. (In the case of the CCDBG, the requested amount is \$12 million more than the final FY2004 appropriation including the rescission.) Two child care-related programs are proposed to be eliminated: Even Start, and the Early Learning Opportunities Act program. Instead of continuing to fund these two programs, the Administration proposes to redirect funds to Reading First and Early Reading First, which they contend are more successful literacy programs. The budget proposes to increase funding for Early Reading First by \$38 million.

The Administration also proposes to increase funding for Head Start — by \$169 million. The President's FY2005 budget requests \$6.9 billion for Head Start, estimating that it will help provide 919,000 children with Head Start services (including 62,000 children in Early Head Start) in FY2005. Of the \$6.9 billion, the Administration proposes to use \$45 million to fund nine state pilot projects to coordinate state preschool programs, federal child care grants, and Head Start into a comprehensive system of early childhood programs. This coordination is proposed in keeping with the Administration's goal of improving preschool programs to help ensure school readiness.

The Administration's budget documents also state that in FY2005, Head Start will contribute to the President's Marriage and Healthy Family Development Initiative by offering training for between 2,000 and 3,000 Head Start parents "in a science-based curriculum designed to improve early language and literacy skill outcomes."

**Table 3** provides the Administration's proposed funding levels for child care and related programs for FY2005 compared to the level of funding received for FY2004.

**Table 3. Bush Administration's FY2005 Funding Request compared to FY2004 Funding for Select Programs**

<b>Program</b>	<b>President's request FY2005 (\$ in millions)</b>	<b>Difference (+/-) between President's FY2005 request and FY2004 Funding<sup>a</sup> (\$ in millions)</b>
CCDBG discretionary	\$2,100	+\$12
CCDBG mandatory	2,717	same level
SSBG	1,700	same level
Head Start	6,944	+\$169
21st CCLC	999	same level
Even Start	0	-\$247
IDEA infants and families	467	+\$23
IDEA Preschool	388	same level
Early Learning Fund	0	-\$34
Early Childhood Educator Professional Development	15	same level
Early Reading First	132	+\$38
Child Care Access Means Parents in School (CAMPIS)	16	same level

**Source:** Table prepared by the Congressional Research Service

- a. The omnibus appropriations law (P.L. 108-199) includes an across-the-board rescission of 0.59%. The differences shown in this column were calculated using the FY2004 appropriation levels listed in the HHS FY2005 budget justification, and, in the case of Department of Education programs, the tables released alongside the FY2005 budget request. In some cases, rounded figures may mask slight changes in funding.

## **FY2005 Appropriations - In Process**

On July 14, 2004, the House Committee on Appropriations approved and ordered reported a bill (number not yet available) which would make FY2005 appropriations for the Departments of Labor, Health and Human Services, and Education. As shown in **Table 4**, the bill proposes \$2.1 billion (rounded) for the discretionary funding portion of the Child Care and Development Block Grant, which reflects the same level as proposed in FY2004, *before* an across-the-board cut ultimately reduced FY2004 CCDBG funding by \$12.4 million. Head Start funding under this bill would be increased to \$6.899 billion (\$124 million more than the FY2004 funding level, but less than the \$6.944 billion requested in the President's FY2005 budget). FY2005 funding for the Social Services Block Grant would be maintained at \$1.7 billion, however the percentage of a state's TANF block grant that it may transfer to the SSBG would be reduced from 10% to 4.5%. The House committee proposes to maintain Even Start funding at \$247 million, as opposed to the President, who proposes to eliminate the program in FY2005. **Table 4** shows funding amounts for other select child care-related programs.

**Table 4. FY2005 Proposed Funding Levels Compared to FY2004 Actual Appropriations for Select Programs**

<b>Program</b>	<b>FY2004 Funding</b>	<b>President's request for FY2005</b>	<b>House Committee Proposal for FY2005</b>
CCDBG discretionary	\$2,087	\$2,100	\$2,100
CCDBG mandatory	2,717	2,717	NA <sup>a</sup>
SSBG	1,700	1,700	1,700
Head Start	6,775	6,944	6,899
21st CCLC	999	999	999
Even Start	247	0	247
IDEA infants and families	444	467	467
IDEA Preschool	388	388	388
Early Learning Fund	34	0	0
Early Childhood Educator Professional Development	15	15	15
Early Reading First	94	132	132
Child Care Access Means Parents in School (CAMPIS)	16	16	16

**Source:** Table prepared by the Congressional Research Service

- a. The mandatory portion of CCDBG funding is not included in the Labor/HHS/ED or omnibus appropriations bills. Like the TANF block grant, the mandatory child care funding has been funded via additional legislative action in the form of temporary extensions. (Currently, funding is provided at the annual level of \$2,717 million through September 30, 2004 via P.L. 108-262.)

## **Administration's Early Childhood Initiative**

Proposals included in the FY2004 and FY2005 budgets and other efforts already underway reflect the goals outlined in **Good Start, Grow Smart: The Bush Administration's Early Childhood Initiative**, first announced by the President in April of 2002. Good Start, Grow Smart focuses on three overall areas: 1) strengthening Head Start; 2) partnering with states to improve early childhood education; and 3) providing information to teachers, care givers, and parents. As mentioned above, the President's FY2004 budget proposed to transfer the Head Start program to the Department of Education, as well as to provide states with the option to administer the program. The Head Start reauthorization bill passed by the House (H.R. 2210) does not include the proposal to transfer the program to ED, but does include provisions to allow a maximum of eight states to administer the program (provided they meet designated requirements).

The Administration has moved ahead with two additional efforts that are in keeping with the Good Start, Grow Smart initiative, but that do not require legislative changes to the Head Start Act. One is the Strategic Teacher Education Program, also known as Project STEP, described by the Head Start Bureau as "a comprehensive, multi-faceted, sequential professional development endeavor to ensure teachers use research-based strategies to implement early and emergent literacy." As part of this

development, during the summer and fall of 2002, 3,000 Head Start staff and 100 state child care administrators received 32 hours of training in strategies to support children's emerging literacy. Those who were trained are expected to serve as "mentor coaches" for staff within their respective Head Start programs.

The second effort is the development and implementation of a national reporting system that can be used to assess the effectiveness of Head Start programs in achieving successful outcomes for children in terms of school readiness — particularly the areas of literacy and number knowledge. This national reporting system was implemented starting in the Fall of 2003, and assesses Head Start four- and five-year olds twice a year on educational performance measures — using indicators that were included in legislation as part of the 1998 reauthorization of Head Start.

## Legislative Activity in the 108<sup>th</sup> Congress

**Child Care and Welfare Reauthorization.** Several bills pertaining specifically to TANF and CCDBG reauthorization were introduced in the latter part of the 107<sup>th</sup> Congress, however, none were passed into law. Therefore, the reauthorizations of both programs remain on the agenda in the 108<sup>th</sup> Congress. The House has passed reauthorization bills for both TANF/CCDBG (H.R. 4) and Head Start (H.R. 2210), whereas in the Senate, comparable bills: H.R. 4 (TANF/mandatory child care funding), S. 880 (CCDBG), and S. 1940 (Head Start) have been reported out of committee, but have yet to clear the floor. H.R. 4 (TANF/mandatory child care) was on the floor for consideration March 29-April 1, and one amendment (Snowe) to increase mandatory child care funding was passed (78-20); however, it is unclear when or if the Senate will resume consideration of the bill. Following are brief summaries of the child care provisions included in bills that have been introduced in the House and Senate thus far this Congress.

***S. 880, The Caring for Children Act of 2003 (Reported by Senate HELP Committee, April 2, 2003).*** S. 880 was approved in committee with bipartisan support. Title I of the bill would amend and reauthorize the Child Care and Development Block Grant (CCDBG). It includes provisions that would authorize discretionary funding at \$2.3 billion in FY2004, increasing by \$200 million increments to a level of \$3.1 billion in FY2008; increase the percentage of funds that must be used for quality activities (newly specified in the proposal) from 4% to 6%; instruct states to use not less than 70% of funds remaining after quality and administrative set-asides for direct services (as defined by states); add three new goals to the act: 1) improving the quality of child care, 2) promoting school preparedness through developmentally and age-appropriate activities in child care, and 3) promoting parental and family involvement in the education of young children in child care settings; eliminate the federal eligibility maximum limit of 85% of state median income (SMI); require states to describe in their state plans how they will coordinate with other early childhood programs such as Head Start, state pre-kindergarten, and IDEA to expand accessibility to and continuity of care; require states to conduct statistically valid market rate surveys within two years preceding their state plans, and to set rates in accordance with the results (without reducing the number of children served); expand data collection requirements; and require states beginning in FY2004 to submit a plan addressing the quality of child care services

provided. Title II of the bill contains provisions to enhance security at child care centers in federal facilities, and Title III establishes a small business child care grant program, through which competitive grants would be awarded to states for establishment and operation of employer-operated child care programs.

**S. 1443, by Senator Carper (introduced July 22, 2003).** The Building on Welfare Success Act of 2003 (S. 1443) is a welfare reauthorization bill that includes an extension and increase in mandatory funding for the Child Care and Development Fund (CCDF). The bill would amend Sec. 418 of the Social Security Act to provide an additional \$6 billion above current funding levels over the next five years. In FY2004, \$3.467 billion would be provided for the mandatory portion of the CCDF, rising to \$4.717 billion in FY2008.

**H.R. 4, by Representative Pryce (introduced February 4, 2003, passed the House February 13, 2003).** The Personal Responsibility, Work, and Family Promotion Act of 2003, H.R. 4, mirrored the welfare and child care reauthorization bill passed by the House last Congress,<sup>16</sup> with respect to the bill's child care provisions. H.R. 4 would set mandatory child care funding at \$2.917 billion in each of FY2004-2008 (for an increase of \$1 billion over five years above current funding). The authorized level for the discretionary portion of Child Care and Development Block Grant (CCDBG) funding would be increased by \$200 million annually beginning in FY2004 (\$2.3 billion), reaching \$3.1 billion in FY2008.

This bill would also increase the child care quality set-aside from 4% to 6%, and would amend state child care plan requirements to encourage states to improve the quality of child care available to families, and to promote school readiness by encouraging the exposure of children in care to nurturing environments and developmentally-appropriate activities. Likewise, the bill would allow states to establish CCDBG income eligibility limits at any level (prioritized by need), eliminating current law's federal limit of 85% of state median income. Lastly, the bill would require that aggregated statistics on child care supply, demand, and quality be included in biennial reports to Congress.

**H.R. 4 (Senate Finance Committee Version) Personal Responsibility and Individual Development for Everyone (Reported by Senate Finance Committee, October 3, 2003).** The Senate Finance Committee reported a substitute version of welfare reauthorization bill H.R. 4, entitled PRIDE, on October 3, 2003. The legislation would increase mandatory child care funding by \$1 billion over five years above the current funding level of \$2.717 billion a year. This is the same level of child care funding proposed in the House-passed version of H.R. 4. During the mark-up of PRIDE, Senator Snowe indicated plans to offer an amendment for a greater child care increase when the bill is brought to the Senate floor (see below).

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<sup>16</sup> For more detailed information on previous legislative activity during the 107<sup>th</sup> Congress, see CRS Report RL30944, *Child Care Issues in the 107<sup>th</sup> Congress*, by Melinda Gish.

*Snowe Amendment to H.R. 4 (approved March 30, 2004; 78-20).* S.Amdt. 2937 would provide an additional \$6 billion (over five years) in mandatory child care funding, above the \$1 billion (\$200 million in each of five years) provided in the underlying bill, H.R. 4. The additional \$6 billion would be allotted among the years as follows: \$700 million in FY2005; \$1 billion in FY2006; \$1.2 billion in FY2007; \$1.4 billion in FY2008; and \$1.7 billion in FY2009.

**S. 5, by Senator Talent (introduced February 14, 2003).** The Compassion and Personal Responsibility Act, S. 5, contains identical child care provisions (Title II of the bill) to those included in H.R. 4 (see above).

**S. 261, by Senator Bingaman (introduced January 30, 2003).** The Children First Act of 2003, S. 261, includes provisions that would increase mandatory funding for child care (\$3.967 billion in FY2004, rising to \$5.967 billion in FY2008). In addition, it would increase the child care quality set-aside from 4% to 10%. The bill would also amend Title IV-A of the Social Security Act to exclude child care assistance from the determination of the five-year limit on TANF assistance.

**Comprehensive Child Care Legislation.** The largest and most comprehensive child care-related bill introduced thus far (this Congress) is the Leave No Child Behind Act of 2003 (S. 448/H.R. 936), introduced by Senator Dodd and Representative George Miller. The bill is a reintroduced version of last year's legislation, and features proposals that would: increase the CCDBG discretionary funding authorization to \$3.5 billion in FY2004, rising to over \$20 billion for FY2013; increase the Head Start authorized funding level to \$7 billion in FY2004, rising to \$20 billion in FY2013; allocate 5% of total CCDBG funds in FY2004 (rising to 10% in 2009) to improve and expand infant child care; expand the set-aside for Early Head Start; require states to pay child care providers at least the 100<sup>th</sup> percentile of the market rate for care; create a program to improve wages and skills of child care staff; increase the CCDBG quality set-aside from 4% to 12%; and require all providers receiving CCDBG, or who work in programs receiving CCDBG funding, to have training in early childhood development.

Another broad-reaching bill, the Right Start Act of 2003 (S. 18), was introduced by Senator Daschle, and includes increased funding authorization for Head Start (\$7.5 billion in FY2004, rising to \$10.5 billion in FY2008) as well as increased mandatory funding for child care (\$3.7 billion in FY2004, rising to \$6.7 billion in FY2008). This bill would also increase the child care quality set-aside from 4% to 10%.

**Other Child Care-Related Legislation.** Other bills that have been introduced in the 108<sup>th</sup> Congress include H.R. 895 (McCarthy), a bill to provide for the construction and renovation of child care facilities; S. 668 (Reed), a bill to improve quality and access to CCDF child care by increasing provider payment rates; S. 388 (Roberts), a bill to expand the dependent care tax credit and the dependent care assistance program; S. 864 (Edwards), a bill to provide child care assistance grants to members of the military in active duty; H.R. 3007 (Kucinich) a bill to assist states in establishing universal pre-K; S. 2654 (Dodd) a bill to create "kindergarten plus" programs via competitive grants to states; H.R. 4296 (Pomeroy), a bill to

authorize the CAMPIS program at higher levels and to raise the minimum grant level; and S. 405 (DeWine), a bill to provide loan forgiveness for preschool teachers in a variety of educational and child care settings. Also pertaining to loan forgiveness is S. 140 (Feinstein), which would extend loan forgiveness to Head Start teachers for certain types of loans.

## Hearings

- On July 22, 2003, the Senate Committee on Health, Education, Labor, and Pensions held a hearing, “Reauthorizing Head Start: Preparing Children to Succeed in School and in Life.”
- On March 12, 2003, the Senate Finance Committee held a hearing, “Welfare Reform: Building on Success,” which featured discussion of child care funding in the context of welfare reform.
- On March 6, 2003, the House Education and Workforce Committee’s Subcommittee on Education Reform held a hearing, “Head Start: Working Towards Improved Results for Children.” Testimony can be accessed at [<http://edworkforce.house.gov/hearings/108th/edr/headstart030603/wl030603.htm>].