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## **Child Care Reauthorization: A Side-by-Side Comparison of Child Care Provisions in H.R. 4, S. 880 (108<sup>th</sup> Congress), and Current Law**

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# Child Care Reauthorization: A Side-by-Side Comparison of Child Care Provisions in H.R. 4, S. 880 (108<sup>th</sup> Congress), and Current Law

## Summary

The 108<sup>th</sup> Congress did not complete action to reauthorize child care legislation that expired at the end of FY2002, but funding has continued via a series of temporary measures, and annual appropriations. “Child care reauthorization” is composed of two parts: legislation to reauthorize the Child Care and Development Block Grant (CCDBG) Act and legislation to extend mandatory funding appropriated under Section 418 of the Social Security Act.

In February 2003, the House passed a consolidated bill, H.R. 4, which encompassed both parts of reauthorization by including provisions that would have addressed mandatory appropriations, discretionary funding authorization levels, and other amendments to the CCDBG Act. The Senate Finance Committee reported its own version of H.R. 4, which included mandatory child care funding, and the Senate Health, Education, Labor, and Pensions (HELP) Committee reported a separate bill, S. 880, which included all provisions pertaining to discretionary funding authorization, and amended the CCDBG Act itself. The full Senate began consideration of H.R. 4 on March 29, 2004, passing one amendment to it (to increase child care funding), but then failed to resume consideration of the bill.

Both versions of H.R. 4 originally proposed to appropriate \$2.917 billion in mandatory CCDBG funding for each of fiscal years 2004 through 2008, which would have reflected an increase of \$1 billion over five years above current (FY2002) funding. (The amendment approved on the Senate floor would have provided an additional \$6 billion, on top of the \$1 billion.) Discretionary funding levels are *authorized* within the CCDBG Act, and both the House version of H.R. 4 and S. 880 proposed to authorize \$2.3 billion in FY2004, rising up to \$3.1 billion in FY2008. Also of note, H.R. 4 (House) would have allowed states to transfer up to 50% of their TANF block grants to the CCDBG (rather than current law’s limit of 30%).

Both H.R. 4 (House) and S. 880 would have revised and expanded the CCDBG program goals to include and emphasize school readiness. Of the two bills, S. 880 provided the greater detail in terms of defining the skills and development to be fostered in efforts to prepare children for school. Both bills included provisions to increase the minimum quality set-aside from 4% to 6%, and to define “quality activities” in more detail.

Both bills proposed to eliminate the federal eligibility ceiling (85% of state median income); and to place new requirements on state plans to emphasize coordination, consumer education, and program quality. S. 880 would have also strengthened requirements (currently only in regulation) that states set provider payment rates in accordance with a recent market rate survey. Other provisions in S. 880 included amending the list of data elements collected on a monthly basis; enhancing security at federal child care facilities, and establishing a small business child care grant program. This report provides a side-by-side comparison of the proposed bills, and will not be updated.

# Contents

Introduction .....	1
Summary of Provisions .....	2
Funding .....	2
Discretionary Authorization .....	2
Mandatory Appropriation .....	2
Authority to Transfer TANF Funds .....	3
Use of Funds for Direct Services .....	3
Option to Use Excess Funds for Increasing Payment Rates .....	3
Quality Activities .....	3
Quality Set-Aside .....	3
Definition of “Quality Activities” .....	3
Eligibility .....	4
State Plan Requirements .....	4
Data Collection and Reporting Requirements .....	4
Other Provisions .....	5
Detailed Comparison of Child Care Provisions of both House and Senate Versions of H.R. 4, S. 880, and Current Law .....	5
Short title .....	6
Goals .....	6
Authorization of appropriations .....	7
Application and plan .....	8
Consumer education information .....	8
Payment rates .....	8
Coordination .....	9
Certification of compliance with quality set-aside percentage .....	10
Strategy for addressing quality of child care available .....	10
Addressing special needs child care .....	10
Meeting the needs of TANF population .....	11
Redetermination procedures; protection for working parents .....	11
Description of requirements for training in early childhood development .....	11
Use of funds for a resource and referral system .....	12
Use of funds for direct services .....	12
Activities to improve the quality of child care .....	13
Funding .....	13

Definitions .....	13
Training and professional development .....	13
School readiness activities .....	13
Provider retention and compensation .....	14
Other .....	14
Certification requirements .....	14
Report by Secretary .....	15
Frequency .....	15
Content .....	15
Submission deadline and other requirements .....	16
Use of resource and referral organizations for data collection .....	16
Definition of income eligibility .....	16
Entitlement funding .....	17
Puerto Rico .....	17
Transfer of TANF funds to CCDBG .....	17
Lead agency designation .....	18
Optional priority use of additional funds .....	18
Reports and audits .....	18
Quarterly reports .....	18
Annual reports .....	19
Amounts reserved .....	20
Territories and tribes .....	20
Infants and toddlers; telephone hotline .....	20
Rule of construction .....	20
Enhancing security at child care centers in federal facilities .....	21
Small business child care grant program .....	21

## List of Tables

Table 1. Comparison of Current Law with Child Care Provisions in H.R. 4 as Passed by the House, as Reported by the Senate Finance Committee, and S. 880 .....	6
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# Child Care Reauthorization: A Side-by-Side Comparison of Child Care Provisions in H.R. 4, S. 880 (108<sup>th</sup> Congress), and Current Law

## Introduction

“Child care reauthorization” is composed of two parts: legislation to reauthorize the Child Care and Development Block Grant (CCDBG) Act and legislation to extend mandatory funding appropriated under Section 418 of the Social Security Act. The CCDBG Act authorizes discretionary funds and contains all provisions pertaining to the administration of CCDBG programs. Section 418 of the Social Security Act appropriates mandatory money to be administered under provisions included in the CCDBG Act.

The 108<sup>th</sup> Congress did not complete action to reauthorize either the CCDBG Act itself, or the mandatory child care funding appropriated under the Social Security Act (along with the Temporary Assistance for Needy Families block grant). Both expired at the end of FY2002. However, funding for the CCDBG has been continued via a series of temporary extensions (in the case of the mandatory funding) and annual appropriations law (for the discretionary funding portion).

In terms of reauthorization legislation, the House passed a consolidated bill, H.R. 4 (Personal Responsibility, Work, and Family Promotion Act of 2003), which included discretionary funding authorization, a mandatory appropriation, and amendments to the CCDBG Act (alongside provisions to amend and extend funding for Temporary Assistance for Needy Families [TANF]<sup>1</sup>).

In the Senate, two separate bills were reported from their respective committees, but ultimately failed to reach a final vote on the full Senate floor. The Senate Finance Committee’s reported substitute version of H.R. 4 (Personal Responsibility and Individual Development for Everyone Act [PRIDE]) included mandatory funding for child care, while the Senate Health, Education, Labor, and Pensions Committee’s reported bill, S. 880 (The Caring for Children Act of 2003), included all provisions pertaining to discretionary funding authorization, and would have amended the

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<sup>1</sup> For a discussion of TANF provisions in the House and Senate versions of H.R. 4, see CRS Report RL32210, *TANF Reauthorization: Side-by-Side Comparison of Current Law and Two Versions of H.R. 4*, by (name redacted) and (name redacted).

CCDBG Act itself. Although the Senate bills never made it to a final floor vote, it should be noted that when the legislation was brought to the floor, one amendment, offered by Senator Snowe, was accepted (78-20). That amendment proposed to increase mandatory child care funding above the amounts proposed in the House-passed, and Senate committee bill. Below is a summary of key provisions in all three bills (and the Snowe amendment, as passed on the floor), followed by **Table 1**, a detailed side-by-side comparison of each bill's provisions with current law.<sup>2</sup>

## Summary of Provisions

### Funding

**Discretionary Authorization.** The discretionary portion of child care funding is *authorized* by the Child Care and Development Block Grant Act (as amended in 1996). Under current law, discretionary CCDBG funding is authorized at \$1 billion annually. However, actual *appropriation* levels, determined during the annual appropriations process, have exceeded the authorized level (e.g., FY2004 = \$2.1 billion). Both the House version of H.R. 4 (The Personal Responsibility, Work, and Family Promotion Act of 2003), and S. 880 (The Caring for Children Act of 2003) proposed to *authorize* discretionary funding at \$2.3 billion in FY2004, rising by \$200 million each year, up to \$3.1 billion in FY2008. (The discretionary funding authorization does not fall under the Senate Finance Committee's jurisdiction, and therefore was not addressed in the Senate committee-reported version of H.R. 4.)

**Mandatory Appropriation.** Mandatory funding for the CCDBG was preappropriated in Section 418 of the Social Security Act for FY1997-2002, as part of the welfare law of 1996 (P.L. 104-193). A series of temporary extensions have continued that funding since the close of FY2002. Funding has been maintained at the FY2002 annual rate of \$2.717 billion.

The House-passed version of H.R. 4 would have set mandatory child care funding at \$2.917 billion for each of FY2004-2008 (for an increase of \$1 billion over five years above current funding). The version of H.R. 4 reported by the Senate Finance Committee contained the same \$1 billion increase in mandatory child care funding over five years; however, Senator Snowe expressed plans at the time of voting for the committee bill to offer an amendment for a greater child care increase when the bill was brought to the Senate floor. (The mandatory funding does not fall under Senate HELP Committee jurisdiction, and therefore was not addressed in S. 880.)

When the bill was considered on the floor (March 30, 2004), S.Amdt. 2937 (Snowe) was offered and approved by a vote of 78-20. The amendment would have provided 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 (as passed by the House, and as passed by the Senate Finance

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<sup>2</sup> For a general discussion of child care legislation in the 108<sup>th</sup> Congress, see CRS Report RL31817, *Child Care Issues in the 108<sup>th</sup> Congress*, by (name redacted).

Committee). The additional \$6 billion would have been 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.

**Authority to Transfer TANF Funds.** Under current law, states have the authority to transfer up to 30% of their annual TANF block grant to the CCDBG (only 20% if they choose to transfer 10% to the Social Services Block Grant). The House-passed version of H.R. 4 would have allowed states to transfer up to 50% of their annual TANF grants to the CCDBG. The Senate version of H.R. 4 proposed to maintain current law.

**Use of Funds for Direct Services.** Current law includes no provision requiring a given percentage of funds appropriated under the CCDBG Act to be spent on direct services. S. 880 would have required that after the reservation of set-asides, at least 70% of the funds remaining be used to fund direct services (as defined by the state). The House bill had no comparable provision.

**Option to Use Excess Funds for Increasing Payment Rates.** S. 880 would have allowed states that receive funding above their FY2003 levels to use a portion of the excess to support payment rate increases for providers and to establish tiered payment rates. Under S. 880, stricter requirements to set payment rates in accordance with biennial market rate surveys would have been added to the statute.

## Quality Activities

**Quality Set-Aside.** Current law requires that at least 4% of each state's total CCDBG expenditures (from all sources — e.g., mandatory, discretionary, matching funds) be used for quality activities, described as: providing comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care in the state.

Both the House-passed version of H.R. 4 and the HELP Committee's S. 880 would have raised the percentage of CCDBG funds that must be spent for quality activities to a minimum of 6%.

**Definition of "Quality Activities".** Both bills provided greater detail than current law in terms of defining what classifies as a "quality activity." In each, categories of activities were outlined to include school readiness activities (including activities to enhance early literacy); training and professional development for staff; and initiatives or programs to promote or increase retention of qualified staff. The categories reflected a new emphasis on school readiness as a goal of the CCDBG. The Senate bill (S. 880) also specified that quality funds could have been spent on evaluating and assessing the quality of programs, and their effectiveness in improving overall school preparedness. While S. 880 clearly stated that quality funds must be spent for any of the six listed purposes, H.R. 4 (House) provided three broad categories, similar in topic to those in S. 880, with a fourth, more general category of "other activities as approved by the state."

## Eligibility

Federal law currently requires that children eligible for services under the CCDBG must have family income that does not exceed 85% of the state median (for a family of that size). However, states have the discretion to adopt income eligibility limits below this federal maximum. Both the House-passed version of H.R. 4 and S. 880 proposed to eliminate the federal maximum of 85% of state median income (SMI) from the CCDBG law, replacing it with a provision allowing states to set income eligibility levels (with no federal ceiling), with priorities based on need.

## State Plan Requirements

Under current CCDBG law, states are required to submit plans every two years, certifying that their CCDBG programs include specified elements addressing areas such as parental choice, parental access, consumer education, licensing, and health and safety requirements.

Both the House version of H.R. 4 and the HELP Committee's S. 880 would have amended current law to require that additional elements be certified in their state plans. Areas that would have been modified or added related to providing consumer education information; describing or demonstrating state coordination of child care services with other early childhood education programs; certifying compliance with the quality set-aside percentage requirement; and addressing special needs child care.

Unlike the House version of H.R. 4, S. 880 included provisions requiring that in their state plans, states demonstrate that the process for redetermining eligibility occur no more frequently than every six months (with limited exceptions), and also that the state plan describe any training requirements in effect for child care providers. The Senate bill would also have put into statute the requirement that the provider payment rates, described in the state plan, be set in accordance with a statistically valid and reliable biennial survey of market rates (without reducing the number of families served). State plans would also have been required to include the results of those surveys and to contain a description of how the state will provide for timely payment to providers. Results of the survey would also have been required to be made available to the public no later than 30 days after the survey's completion.

## Data Collection and Reporting Requirements

Current law specifies a set of data reporting requirements for states to collect in the administration of their CCDBG programs. States collect data on a monthly basis and submit to the Department of Health and Human Services (HHS) disaggregated data on a quarterly basis. An aggregate report is required to be submitted to HHS on an annual basis.

S. 880 would have retained the quarterly reporting in current law, but would have amended the list of data elements that states would be required to collect on a monthly basis. (See **Table 1** for details.) It would also have eliminated the separate annual report, instead requiring that the fourth quarterly report include information



on the annual number and type of child care providers and the method of payment they receive. The House version of H.R. 4 would have retained current law, containing none of these provisions.

## **Other Provisions**

Titles II and III of S. 880 proposed provisions that stood apart from CCDBG law or Section 418 of the Social Security Act. Title II of the bill contained provisions to enhance security at child care centers in federal facilities, and Title III would have established a small business child care grant program, through which competitive grants would have been awarded to states for establishment and operation of employer-operated child care programs.

## **Detailed Comparison of Child Care Provisions of both House and Senate Versions of H.R. 4, S. 880, and Current Law**

**Table 1** provides a detailed comparison of the child care provisions included in the House-passed and Senate Finance Committee-reported versions of H.R. 4, the Senate HELP Committee-reported S. 880, with current law. In some cases, current law refers to the Child Care and Development Block Grant Act, while current law provisions pertaining to the mandatory child care funding are included in Section 418 of the Social Security Act. The bracketed references in each of the cells refer to the section of the applicable law or proposed bill. In the section regarding the mandatory (entitlement) funding, the Snowe amendment, as passed during the short-lived Senate floor consideration is noted.

**Table 1. Comparison of Current Law with Child Care Provisions in H.R. 4 as Passed by the House, as Reported by the Senate Finance Committee, and S. 880**

	<b>Current law</b>	<b>H.R. 4 (House-passed)</b>	<b>H.R. 4 (Senate Finance Committee)</b>	<b>S. 880 (Senate HELP Committee)</b>
<b>Short title</b>	Social Security Act includes provisions for mandatory funding. [Section 418] Child Care and Development Block Grant Act of 1990, as amended, includes discretionary funding authorization, and program provisions.	Personal Responsibility, Work, and Family Promotion Act of 2003. Title II of this bill is entitled the Caring for Children Act of 2003. [Section 201]	The Personal Responsibility and Individual Development for Everyone Act. No separate title for child care. (Child care provisions are included in Section 116 of Title I.)	The Caring for Children Act of 2003. [Section 1]
<b>Goals</b>	The five goals of the CCDBG are: (1) to allow states the maximum flexibility in developing child care programs; (2) to promote parental choice for working parents making child care decisions; (3) to encourage states to provide consumer education information to help parents make informed child care choices; (4) to assist states to provide child care to parents trying to achieve independence from public assistance; and (5) to assist states in implementing the health, safety, licensing, and registration standards established in state regulations. [Section 658A of CCDBG Act]	Amends the third goal of the CCDBG to “assist” states to provide consumer education information (rather than to “encourage” states). Modifies fourth goal, eliminating specific reference to providing child care for parents trying to achieve independence from public assistance, and replacing with providing child care to low-income parents.	No provisions.	Same as House bill.

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
		Adds two new goals for the CCDBG: (1) to encourage states to improve the quality of child care available to families; and (2) to promote school readiness. [Section 202]		Adds three new goals to the CCDBG: (1) to assist states in improving the quality of child care available to families (same as House bill); (2) to promote school preparedness by encouraging children, families, and caregivers to engage in developmentally appropriate and age-appropriate activities in child care settings that will — (a) improve the children's social, emotional, and behavioral skills; and (b) foster their early cognitive, pre-reading, and language development (more detailed than House bill); and (3) to promote parental and family involvement in the education of young children in child care settings. [Section 101]
<b>Authorization of appropriations</b>	The CCDBG Act authorized \$1 billion in discretionary CCDBG funding for each of fiscal years 1996-2002. (Actual appropriations in recent years have surpassed authorized levels. Most recently, for FY2004, with an expired authorization, \$2.1 billion was appropriated.) [Section 658B of CCDBG Act]	Authorizes discretionary funding for the CCDBG at the following levels: FY2003 = \$2.1 billion FY2004 = \$2.3 billion FY2005 = \$2.5 billion FY2006 = \$2.7 billion FY2007 = \$2.9 billion FY2008 = \$3.1 billion [Section 203]	No provision.	Same as House bill (although Senate bill does not include a funding level for FY2003). [Section 102]

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
<b>Application and plan</b>  <i>Consumer education information</i>	<p>In order for a state to be eligible to receive CCDBG funds, it must submit an application and plan that meet with approval from HHS. Among other things, the state plan certifies that the state will collect and disseminate to parents of eligible children and the general public, consumer education information that will promote informed child care choices. [Section 658E(c)(2)(D) of CCDBG Act]</p>	<p>Amends current law to specify that resource and referral services and other means be used for the collection and dissemination of consumer education information, and that child care providers be recipients of this information (in addition to parents and the general public). Information is outlined to include: information about quality and availability of child care; research and best practices on children's development; and other assistance programs for which families receiving child care services may be eligible. [Section 204]</p>	<p>No provision.</p>	<p>Same as House bill, with an additional requirement that the state report to the Secretary (of HHS) both the manner in which the consumer information was provided, and the number of parents to whom it was provided during the period of the previous state plan. [Section 104]</p>
<i>Payment rates</i>	<p>States must certify in their state plans that CCDBG provider payment rates are sufficient to ensure families receiving subsidies have equal access to comparable child care services in the state provided to non-CCDBG-eligible children. States are also required to provide a summary of the facts they relied upon to determine that the set rates are sufficient to ensure equal access. [Section 658E(c)(4)]</p> <p>(Note: <i>Regulations</i> require that the above-mentioned summary of facts be based on a local market rate survey conducted no more than two years prior to the effective date of</p>	<p>No provision (retains current law).</p>	<p>No provision.</p>	<p>Requires state plan to demonstrate that the state has developed and conducted a statistically valid and reliable market rate survey for child care services within the two years prior to its submission. The state will also detail the results of the market rate survey; describe how the state will provide for timely payment for child care services, and set payment rates for child care services in accordance with the survey results, without reducing the number of families in the state receiving assistance. Eliminates the requirement that the state submit a summary of the facts relied upon to determine that the set rates are</p>

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
<b>Coordination</b>	the currently approved plan.)			sufficient to ensure equal access.
	No provision.	No provision.	No provision.	Results are to be made available to the public no later than 30 days after survey's completion. [Section 104]  Includes a rule of construction stating that nothing shall prevent a state from differentiating the payment rates to providers on the basis of geographic location, the age or particular needs of children, and whether the providers provide child care during weekend and other nontraditional hours. [Section 104]
	(While not required to be addressed in the state plan under current law, one the four stated duties of the CCDBG lead agency is to coordinate the provision of CCDBG services with other federal, state, and local child care and early childhood development program.) [Section 658D(b)(1)(D)]	Adds provision requiring the state plan to demonstrate how the state will coordinate child care services with other early childhood education programs, to expand accessibility to and continuity of care and early education without displacing services provided by the current system. [Section 204]  Adds provision requiring the state plan to demonstrate how the state encourages partnerships with private and other public entities to leverage existing service delivery systems and increase the supply and quality of child care. [Section 204]	No provision.          No provision.	Same as House bill, except coordination is to be "described" rather than "demonstrated," and additional programs specified to be coordinated with include Title I preschool programs and programs under IDEA Section 619 and Part C. [Section 104]  Same as House bill, except the state plan is to "describe" rather than "demonstrate," and this bill specifies that the child care services provided be for children age 13 and under. [Section 104]

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
<i>Certification of compliance with quality set-aside percentage</i>	<i>Regulations</i> require that the state plan describe activities a state intends to fund with “quality set-aside” money, but neither law nor regulation requires certification of compliance.	Adds provision requiring state plan to certify (every two years) its compliance with the quality set-aside percentage requirement, including a description of the use of funds, beginning in FY2004 (for the preceding fiscal year). [Section 204]	No provision.	Certification is not required as part of <i>state plan</i> , however, states are required <i>annually</i> to provide the Secretary with certification regarding compliance with quality activity requirements. (See “quality activities” provision below.)
<i>Strategy for addressing quality of child care available</i>	No provision.	Adds provision requiring state plan to outline the strategy the state will implement to address the quality of child care services available to low-income families from eligible providers. The strategy is to include a description of quantifiable, objective measures for evaluating progress in quality improvement, and a list of state-developed targets for the plan’s fiscal year. For each year after FY2004, the plan shall include a progress report with respect to achieving the targets. [Section 204]	No provision.	Requires same information as House bill, but as an annual submission to the Secretary, rather than in the state plan. [Section 105]
<i>Addressing special needs child care</i>	No provision.	Adds provision requiring state plan to demonstrate how the state is addressing the needs of eligible parents who have children with special needs; work non-traditional hours; or require child care for infants or toddlers. [Section 204]	No provision.	Same as House bill. [Section 104]

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
<i>Meeting the needs of TANF population</i>	In their state plans, states must demonstrate the manner in which the specific child care needs of families on, leaving, or at-risk of receiving TANF will be met. [Section 658E(c)(2)(H)]	No provision.	No provision.	The state plan must also describe how the state will inform parents receiving TANF, and other low-income parents, about eligibility for CCDBG assistance. [Section 104]
<i>Redetermination procedures; protection for working parents</i>	No provision.	No provision.	No provision.	State plan must demonstrate that redetermination of eligibility for assistance is not to be conducted any more frequently than every six months, except in the case of a parent's loss of employment. States are given the option of demonstrating that they will <i>not</i> terminate child care assistance based on a parent's loss of work without first continuing assistance for at least one month while the parent looks for work.  Also requires the state plan to show that procedures and policies are in place to ensure that working parents are not required to unduly disrupt their employment in order to comply with the state's requirements for eligibility and re-determination. [Section 104]
<i>Description of requirements for training in early childhood development</i>	No provision.	No provision.	No provision.	Requires state plan to describe any training requirements in effect that are applicable to CCDBG providers and that are designed to enable child care providers to promote the social, emotional, physical, and cognitive development of children. [Section

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
<i>Use of funds for a resource and referral system</i>	Current law broadly states that CCDBG funds are to be used for child care services, activities that improve the quality or availability of such services, and <i>any other activity</i> that the state deems appropriate to realize the goals of the program. [Section 658E(c)(3)(B)]	No provision.	No provision.	104]  Adds specific language to current law regarding use of funds: allows a state to use CCDBG funds to establish or support a system of local child care resource and referral organizations coordinated by a statewide private, non-profit, community-based lead child care resource and referral organization. The resource and referral organizations will provide parents with information on child care options; and collect and analyze data on supply and demand for child care in political subdivisions within the state, and submit reports to the state. [Section 104]
<i>Use of funds for direct services</i>	No provision.	No provision.	No provision.	Requires that after reservation of set-asides, at least 70% of funds remaining must be used to fund direct services (as defined by the state). [Section 104]



	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
<b>Activities to improve the quality of child care</b>				
<i>Funding</i>	Not less than 4% of a state’s annual funding for the CCDBG is to be used for quality activities (described below). [Section 658G of CCDBG Act]	Increases the “quality set-aside” to not less than 6%. [Section 205]	No provision.	Same as House bill. [Section 105]
<i>Definitions</i>	The law describes funded activities as those designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services). [Section 658G of CCDBG Act]	Provides more detail than current law, specifying four categories of quality activities (see below).	No provision.	Similar to House bill with respect to some categories of activities, but greater detail in others (see below). Senate bill specifies that quality funds be used <i>only</i> for the listed purposes (see below).
<i>(Training and professional development)</i>		(1) programs providing training, education and other professional development for child care workers;		(1) Same as House bill.
<i>(School readiness activities)</i>		(2) activities within child care settings to enhance early learning, early literacy, and school readiness;		(2) develop and implement voluntary guidelines on pre-reading and language skills and activities that are aligned with state goals for school preparedness;  (3) support activities and provide technical assistance in child care settings to enhance early learning for young children, to promote literacy, and to foster school preparedness;

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
<i>(Provider retention and compensation)</i>		(3) initiatives to increase the retention and compensation of child care providers, including tiered reimbursement rates for providers; and		(4) engage in programs designed to increase the retention and improve the competencies of child care providers, including wage incentive programs and initiatives that establish tiered payment rates for providers that meet or exceed child care services guidelines, as defined by the state;
<i>(Other)</i>		(4) other activities as approved by the state.		(5) evaluate and assess the quality and effectiveness of child care programs and services on improving overall school preparedness; and  (6) carry out other activities determined by the state to improve the quality of child care services for which measurement of outcomes relating to improved child safety, child well-being, or school preparedness is possible.
<i>Certification requirements</i>	<i>Regulations</i> require that the state plan describe activities a state intends to fund with “quality set-aside” money, but neither law nor regulation requires certification of compliance.	As stated above, adds provision requiring state plan to certify (every two years) its compliance with the quality set-aside percentage requirement, including a description of the use of funds, beginning in FY2004 (for the preceding fiscal year). [Section 204]	No provision.	Requires that beginning with FY2004, the state will certify annually to the Secretary its compliance with the quality activity requirements; will describe how the state used quality funds during the preceding year; will outline the state’s strategy for addressing the quality of child care in the state, including a description of quantifiable, objective measures, that the state will use to evaluate the state’s progress in improving child

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
				care services. Beginning in FY2005, the state will submit a report on its progress in achieving targets for the preceding fiscal year. [Section 105]
<b>Report by Secretary</b>				
<i>Frequency</i>	The Secretary of HHS is required to prepare and submit a biennial report to Congress.	Amends current law to require that the biennial report to Congress contain additional elements (see below).	No provision.	Amends current law to replace biennial report to Congress with an annual report (see below for contents).
<i>Content</i>	The biennial report includes a summary and analysis of the data submitted by states (as required by Section 658K). The report is also to include an assessment, and where appropriate, recommendations for the Congress with respect to improving the access of quality and affordable child care. [Section 658L of CCDBG Act]	Adds new required contents to be included in the biennial report: aggregated statistics on the supply of, demand for, and quality of child care, early education, and non-school-hours programs. [Section 206]		Like the House bill, adds a new requirement that aggregated statistics on the supply of, demand for, and quality of child care, early education, and non-school-hours programs be included in a report to HHS. However, under this bill the report would be submitted annually rather than biennially.  Also requires that the following additional information be included:  — a summary and analysis of the data and information provided to the Secretary in the state plan (Section 658E), the strategy addressing quality activities (Section 658G(c)), and the quarterly reports (Section 658K). — a progress report describing the progress of the states in streamlining

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
<b><i>Submission deadline and other requirements</i></b>	Current law required first report not later than July 31, 1998, and biennially thereafter. [Section 658L]	Report will continue to be submitted biennially, as under current law, but will be required to include the new aggregated information (described above) beginning with report submitted no later than October 1, 2005. [Section 206]	No provision.	data reporting, the Secretary's plans and activities to provide technical assistance to states, and an explanation of any barriers to getting data in an accurate and timely manner. [Section 108]  Report will be required annually, beginning with the first submitted no later than April 30, 2004.  Also, not later than 30 days after the date of such submission, the report is required to be posted on the HHS website.
<b><i>Use of resource and referral organizations for data collection</i></b>	No provision	In order to collect this newly required information, the bill authorizes the Secretary to use the national child care data system available through resource and referral organizations. [Section 206]	No provision.	Same as House bill. [Section 108 - "National Activities"]
<b><i>Definition of income eligibility</i></b>	Under federal law, the maximum family income of a CCDBG-eligible child may not exceed 85% of its state median income for a family of the same size. (States may set their own eligibility levels below the federal maximum.) [Section 658P(4)(B)]	Eliminates the federal maximum income limit of 85% of state median income, and allows each state to establish income eligibility levels, prioritized by need (as defined by the state). [Section 207]	No provision.	Same as House bill. [Section 110]

	<b>Current law</b>	<b>H.R. 4 (House-passed)</b>	<b>H.R. 4 (Senate Finance Committee)</b>	<b>S. 880 (Senate HELP Committee)</b>
<b>Entitlement funding</b>	Entitles states to a basic block grant based on FY1992-FY1995 expenditures in welfare-related child care. Mandatory funds above this amount are provided to states on a matching basis. Appropriates entitlement (mandatory) funds for FY1997 through FY2002 (\$2.717 billion for FY2002). Funding for FY2003 and the first two quarters of FY2004 has been extended by continuing resolutions on a temporary basis, at the FY2002 rate. [Section 418 of the Social Security Act; and most recent extension P.L. 108-89]	Appropriates \$2.917 billion in entitlement (mandatory) funds for each of fiscal years 2004 through 2008. [Section 208]	Appropriates \$2.917 billion in entitlement (mandatory) funds for each of fiscal years 2004 through 2008. [Section 116]  Note: Although the full Senate did not complete debate of H.R. 4, during its consideration, one amendment (offered by Senator Snowe) did pass (78-20). That amendment would have provided an additional \$6 billion (over five years) in mandatory funds, above the \$1 billion additional provided in the committee-passed bill. The additional \$6 billion would have been 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.	No provision.
<b><i>Puerto Rico</i></b>	Puerto Rico receives no entitlement (mandatory) child care funding under current law.	No provision.	Reserves \$10 million of each year's entitlement (mandatory) appropriation (FY2004-2008) for Puerto Rico to use in providing child care assistance.	No provision.
<b>Transfer of TANF funds to CCDBG</b>	States may transfer up to 30% of their annual TANF block grants to the CCDBG. (The maximum is 20% if a state opts to transfer 10% of its TANF grant to the Social Services Block Grant.) [Section 404(d)(1) of Social Security Act]	The allowable transfer of the TANF block grant to CCDBG is increased from 30% to 50%. [Section 107(c)]	No provision.	No provision.

	<b>Current law</b>	<b>H.R. 4 (House-passed)</b>	<b>H.R. 4 (Senate Finance Committee)</b>	<b>S. 880 (Senate HELP Committee)</b>
<b>Lead agency designation</b>	The chief executive officer of a state designates an appropriate state agency as the lead agency. [Section 658D(a) of the CCDBG Act]	No provision.	No provision.	Allows a state receiving CCDBG funds to designate an agency (which may be a collaborative agency), or establish a joint interagency office to serve as the lead agency for the state. [Section 103]
<b>Optional priority use of additional funds</b>	No provision.	No provision.	No provision.	Amends the CCDBG Act to add Section 658H, which would allow states that receive funding of an amount greater than that received in FY2003, to use a portion of the excess to support payment rate increases and to establish tiered payment rates. [Section 106]
<b>Reports and audits</b> <i>Quarterly reports</i>	States receiving CCDBG funds are required to report to the Secretary on a quarterly basis the following data collected monthly with respect to CCDBG families: family income; county of residence; gender, race, and age of child(ren) receiving assistance; sources of family income (including employment, TANF, housing assistance, Food Stamps, and other programs); duration of benefit receipt; type of child care used; cost of child care; and average number of hours of child care. In order to collect data, states may use sampling methods (approved by the Secretary). [Section 658K]	No provision (retains current law).	No provision.	Retains quarterly reporting of current law, but amends the list of data elements that states are required to collect on a monthly basis. Changes include requiring that states: show the cost of each family's subsidy broken down into subsidy amount and co-payment amount; report household size; identify the reason for any termination in benefit; and report whether the child has an individualized education plan. States no longer would report receipt of housing assistance or food stamps. [Section 107]

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
<i>Annual reports</i>	States must submit annual reports of aggregate data concerning number of providers that received CCDBG funding; monthly cost of child care services, and the portion paid through subsidy; the number of payments made through vouchers; the manner in which consumer education information was provided, and the number of parents receiving it; and the total unduplicated number of children and families served during the reporting period. [Section 658K(a)(2)]	No provision (retains current law).	No provision.	<p>Eliminates separate annual report, but requires in fourth quarterly report of each year that the state submit information on the annual number and type of child care providers that received funding under this subchapter and the annual number of payments made by the state through vouchers, under contracts, or by payment to parents, by type of child care provider. [Section 107]</p> <p>Information on the number of children and families receiving CCDBG assistance is to be posted on the website of each state. [Section 107]</p> <p>States must comply with the changes in data collection and reporting requirements within two years from the date of this Act's enactment. A waiver can be granted (by HHS) to states with plans to procure data systems. [Section 107]</p>

	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
<b>Amounts reserved</b>				
<i>Territories and tribes</i>	<p>Current law provides for the following reservation of funds from the total CCDBG discretionary appropriation:</p> <p>Up to one half of 1% annually for payments to Guam, American Samoa, the Virgin Islands, and Northern Mariana Islands;</p> <p>Not less than 1% and not more than 2% for Indian tribes and tribal organizations. [Section 658]</p>	No provision (retains current law).	No provision.	No provision. (Retains current law set-asides for territories and tribes.)
<i>Infants and toddlers; telephone hotline</i>	The CCDBG Act itself does not contain any specific provision to reserve funds for increasing infant and toddler care, however, appropriations law (for FY2004, P.L. 108-199) includes \$100 million from the discretionary CCDBG appropriation for states to increase the supply of quality care for infants and toddlers, as well as \$1 million for the Child Care Aware toll free hotline.	No provision.	No provision.	Amends Section 658 of the CCDBG Act to require the Secretary to reserve an amount not to exceed \$100 million each fiscal year for improving quality of and access to care for infants and toddlers. Also requires an amount not to exceed \$1 million to be reserved for a national toll-free child care hotline. [Section 109 — Grants and Hotline]
<b>Rule of construction</b>	No provision.	No provision.	No provision.	Amends CCDBG Act to include a rule of construction stating that nothing in the act shall be construed to require a state to impose state child care licensing requirements on any type of early childhood provider, including any such



	Current law	H.R. 4 (House-passed)	H.R. 4 (Senate Finance Committee)	S. 880 (Senate HELP Committee)
				provider who is exempt from state child care licensing requirements on the date of enactment of the Caring for Children Act of 2003. [Section 111]
<b>Enhancing security at child care centers in federal facilities</b>	Current law does not contain this title.	No provision.	No provision.	This bill includes a separate title with provisions aimed at enhancing security at child care centers in federal facilities. The bill requires that the Administrator of General Services, among others, issue regulations relating to emergency plans and relocation sites. [Title II, Sections 201 and 202]
<b>Small business child care grant program</b>	Current law does not contain this title.	No provision.	No provision.	This separate title requires the Secretary of HHS to establish a program to award competitive grants to states, which are to be used by states (or eligible consortia of small businesses or entities) to encourage the establishment and operation of employer-operated child care programs. The section authorizes \$30 million for the period of FY2004-2008 to carry out the program. [Title III, Section 301]

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