

**CHILD CARE AND DEVELOPMENT FUND
FISCAL YEAR 2006 STATE SPENDING FROM ALL
APPROPRIATION YEARS**

Background:

The Child Care and Development Fund (CCDF) financial expenditure report (ACF-696) details expenditures from each of the CCDF funding streams (Mandatory, Matching and Discretionary), as well as funds transferred from the Temporary Assistance for Needy Families (TANF) program to CCDF. Reported expenditures are for administration, direct and non-direct services, and quality activities including Congressionally-mandated targeted funds for (1) Child Care and Quality Improvement Activities; (2) Infant and Toddler Quality Improvement; and (3) Child Care Resource and Referral and School Age Care. States continue to report on their expenditures of CCDF funds for each grant award year until expended.

Highlights:

This summary provides information obtained from the State CCDF ACF-696 reports submitted for the Fiscal Year (FY) 2006 CCDF expenditure year from all open appropriation years. States expended a total of \$9.3 billion of combined Federal and State funds, which includes both CCDF and TANF transfers into CCDF. Expenditures of Federal CCDF funds were \$6.8 billion, comprised of \$5.3 billion from FY 2006 and \$1.5 billion from prior year funds (FY 2004 and FY 2005). Expenditures of State Matching and Maintenance of Effort (MOE) funds were \$2.5 billion, which includes \$2.4 billion of FY 2006 funds and \$70 million of prior year funds (FY 2004 and FY 2005).

Table 1 – Expenditures in FY 2006 by Appropriation Year

	FY 2004	FY 2005	FY 2006	Total by Fund
Mandatory	\$1,735,181	\$109,425,827	\$1,062,263,137	\$1,173,424,145
Matching Federal	\$139,958	\$239,957,940	\$1,481,553,088	\$1,721,650,986
Discretionary	\$161,271,449	\$1,035,274,512	\$2,752,247,887	\$3,948,793,848
<i>Subtotal Federal</i>	<i>\$163,146,588</i>	<i>\$1,384,658,279</i>	<i>\$5,296,064,112</i>	<i>\$6,843,868,979</i>
Matching State	\$541,316	\$73,896,479	\$1,438,736,574	\$1,513,174,369
CCDF MOE	(\$2,186,548)	(\$2,111,275)	\$971,581,220	\$967,283,397
<i>Subtotal State</i>	<i>(\$1,645,232)</i>	<i>\$71,785,204</i>	<i>\$2,410,317,794</i>	<i>\$2,480,457,766</i>
TOTAL	\$161,501,356	\$1,456,443,483	\$7,706,381,906	\$9,324,326,745

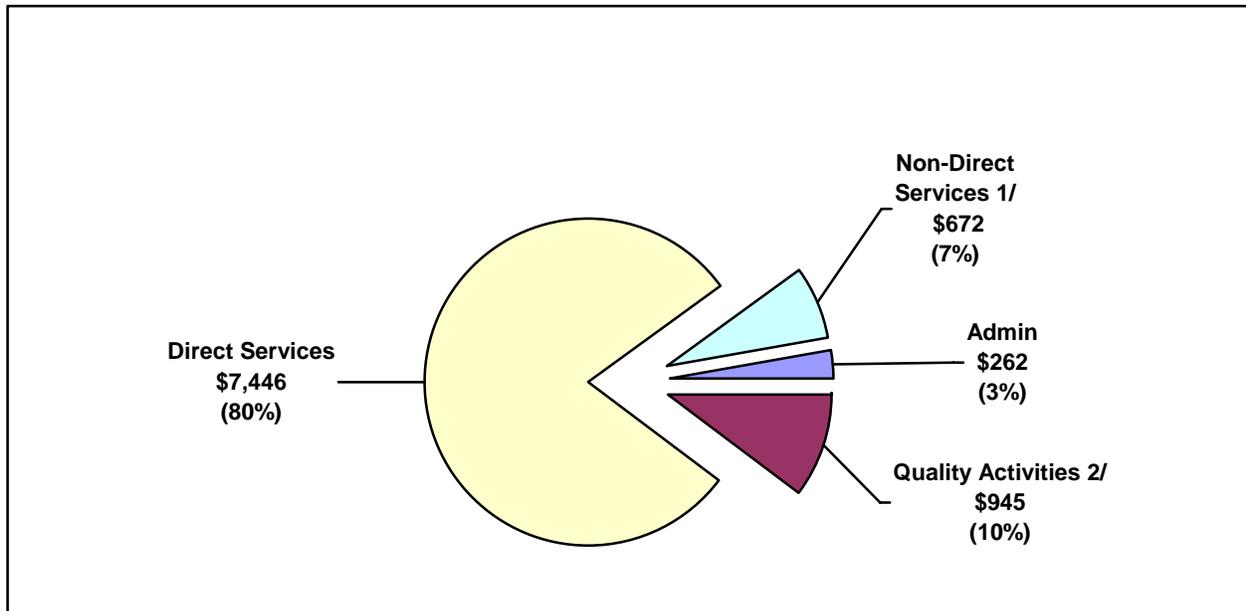
Administration. During FY 2006, States expended \$262 million or 3 percent of total Federal and State expenditures (including MOE). Administrative spending decreased from \$268 million expended in FY 2005. The 5 percent administrative cap stipulated by legislation applies to individual appropriation years. Compliance with this requirement is assessed at the end of the liquidation period.

Direct Services. CCDF expenditures on direct child care services were \$7.4 billion or 80 percent of total Federal and State expenditures (including MOE) in FY 2006. CCDF spending on direct child care services in FY 2005 totaled \$7.5 billion.

Non-Direct Services. States spent \$672 million on non-direct services, or 7 percent of total State and Federal expenditures in FY 2006. The breakdown of non-direct services expenditures is \$38 million on child care computer information systems, \$271 million on certificate programs and eligibility determinations and \$363 million for other costs. For FY 2005, states reported spending \$731 million.

Quality Activities. States spent \$945 million (including Targeted funds) or 10 percent of total Federal and State expenditures in FY 2006 on quality activities. Quality expenditures in FY 2005 were \$920 million. The statute requires that a minimum of 4 percent of CCDF expenditures be spent on quality activities (excluding Targeted funds) and applies to individual appropriation years. Compliance with this requirement is assessed at the end of the liquidation period.

Chart 1 – Total Expenditures by Category (in millions)



1/ Non-Direct Services include expenditures related to the operation of voucher programs, eligibility determination and re-determination, and developing and maintaining computer systems.

2/ Quality Activities include the expenditures of Targeted funds.

Unliquidated Funds. Forty States reported unliquidated balances of \$1.1 billion comprised of Mandatory funding (FY 2004, 2005 and 2006), Discretionary funding (FY 2004, 2005 and 2006) and Matching (FY 2006). Mandatory funds are available until expended as all States met the obligation requirement in the award year. States have an additional year to liquidate the FY 2005 Discretionary unliquidated balances and two years to liquidate the FY 2006 balances. FY 2006 Matching unliquidated balances must be expended by 9/30/07.

Table 2 – Unliquidated Funds as of 9/30/2006¹

	FY 2004	FY 2005	FY 2006	Total by Fund
Mandatory	\$350,000	\$4,640,981	\$115,261,645	\$120,252,626
Matching Federal	\$0	\$0	\$192,024,150	\$192,024,150
Discretionary 1/	\$68,598	\$104,517,391	\$708,779,561	\$813,365,550
Total	\$418,598	\$109,158,372	\$1,016,065,356	\$1,125,642,326

1/ Funds from the FY 2004 Discretionary grant award reported as unliquidated as of 09/30/06 are subject to de-obligation by ACF.