

**CHILD CARE AND DEVELOPMENT FUND
FISCAL YEAR 2007 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) 2007 CCDF expenditure year from all open appropriation years. States expended a total of \$10.2 billion of combined Federal and State funds, which includes both CCDF and TANF transfers into CCDF. Expenditures of Federal CCDF funds were \$7 billion, comprised of \$5.5 billion from FY 2007 and \$1.5 billion from prior year funds (FY 2005 and FY 2006). Expenditures of State Matching and Maintenance of Effort (MOE) funds were \$3.2 billion. This includes approximately \$825 million in additional State expenditures reported in FY 2007. These expenditures are in excess of the required State share amounts required to draw down the full allotment of Federal Matching funds in FY 2007. Adjusting for this additional State-only money, actual FY 2007 CCDF expenditures decrease from \$10.2 billion to approximately \$9.3 billion.

Table 1 - Expenditures in FY 2007 by Appropriation Year

	FY 2005	FY 2006	FY 2007	Total by Fund
Mandatory	\$2,745,121	\$109,827,020	\$1,136,394,143	\$1,248,966,284
Matching Federal	(\$3,049)	\$192,018,666	\$1,506,855,012	\$1,698,870,629
Discretionary	\$87,707,364	\$1,068,705,012	\$2,856,342,492	\$4,012,754,868
<i>Subtotal Federal</i>	<i>\$90,449,436</i>	<i>\$1,370,550,698</i>	<i>\$5,499,591,647</i>	<i>\$6,960,591,781</i>
Matching State	(\$5,081,615)	\$274,566,290	\$1,940,335,748	\$2,209,820,423
CCDF MOE	(\$4,453)	(\$3,363,654)	\$992,600,043	\$989,231,936
<i>Subtotal State</i>	<i>(\$5,086,068)</i>	<i>\$271,202,636</i>	<i>\$2,932,935,791</i>	<i>\$3,199,052,359</i>
Total	\$85,363,368	\$1,641,753,334	\$8,432,527,438	\$10,159,644,140

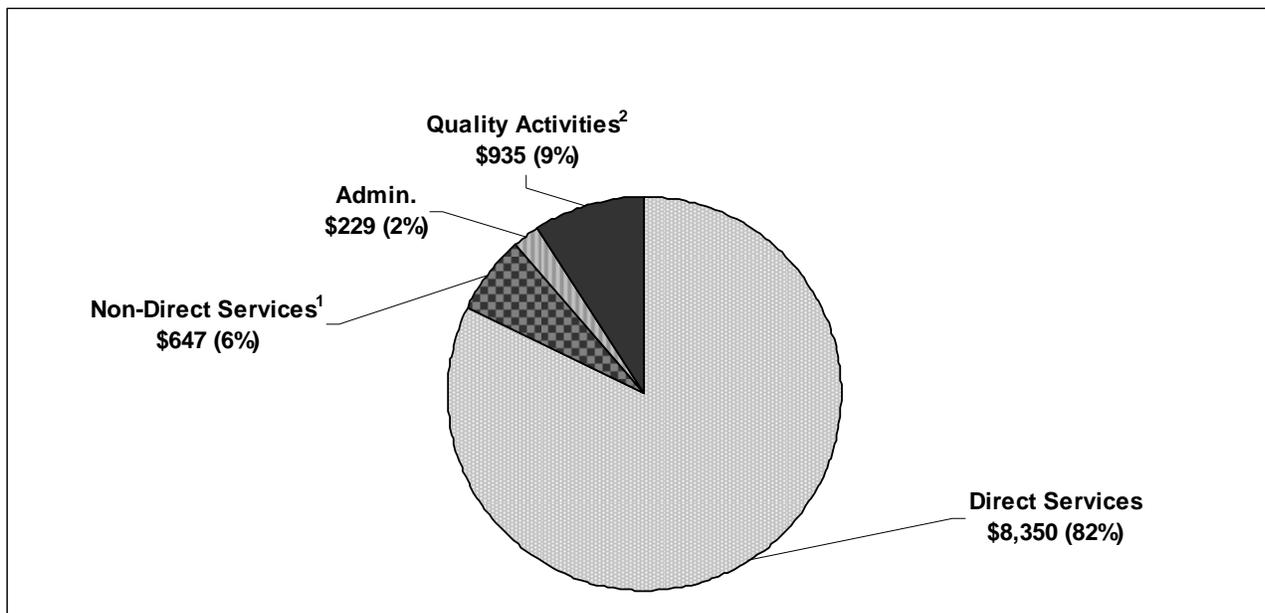
Administration. During FY 2007, States expended \$229 million or 2 percent of total Federal and State expenditures (including MOE). The 5 percent administrative cap stipulated by legislation applies to individual appropriation years. Compliance with this requirement is assessed at the end of the liquidation period.

Direct Services. CCDF expenditures on direct child care services were \$8.4 billion or 82 percent of total Federal and State expenditures (including MOE) in FY 2007.

Non-Direct Services. States spent \$647 million on non-direct services, or 6 percent of total State and Federal expenditures in FY 2007. The breakdown of non-direct services expenditures is \$57 million on child care computer information systems, \$268 million on certificate programs and eligibility determinations and \$322 million for other costs.

Quality Activities. States spent \$935 million (including Targeted funds) or 9 percent of total Federal and State expenditures in FY 2007 on quality activities. 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. States reported unliquidated balances of \$1.2 billion comprised of Mandatory funding (FY 2005, 2006 and 2007), Discretionary funding (FY 2005, 2006 and 2007) and Matching (FY 2007). 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 2006 Discretionary unliquidated balances and two years to liquidate the FY 2007 balances. FY 2007 Matching unliquidated balances must be expended by 9/30/08.

Table 2 - Unliquidated Funds as of 09/30/07				
	FY 2005	FY 2006	FY 2007	Total by Fund
Mandatory	\$1,895,860	\$5,434,625	\$41,130,637	\$48,461,122
Matching Federal	\$0	\$0	\$169,675,271	\$169,675,271
Discretionary 1/	\$1,446,573	\$85,246,775	\$913,489,448	\$1,000,182,796
Total	\$3,342,433	\$90,681,400	\$1,124,295,356	\$1,218,319,189

1/ Discretionary funds from the FY 2005 grant award reported as unliquidated as of 09/30/07 are subject to de-obligation by ACF.