

**CHILD CARE AND DEVELOPMENT FUND
FISCAL YEAR 2009 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 and additional American Recovery and Reinvestment Act (ARRA funds). 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) 2009 CCDF expenditure year from all open appropriation years. States expended a total of \$9.1 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 \$5.7 billion from FY 2009 and \$1.1 billion from prior year funds (FY 2008, FY 2007, and FY 2006). On Feb. 17, 2009, the President signed the American Recovery and Reinvestment Act of 2009 into law (P.L. 111-5), which provided \$2 billion in supplemental discretionary CCDF funds. In FY 2009, States reported spending \$262 million (3 percent of FY 2009 expenditures from the FY 2009 appropriation and 13 percent of total ARRA funding) in ARRA funding. States have until September 30, 2011, to liquidate their CCDF ARRA funds. Expenditures of State Matching and Maintenance of Effort (MOE) funds were \$2.3 billion. This includes approximately \$115 million in additional State expenditures reported in FY 2009. Some States reported State expenditures in excess of the State share amounts required to draw down the full allotment of Federal Matching funds in FY 2009 even though they are not required to do so.

Table 1a - Expenditures in FY 2009 by Appropriation Year					
	FY 2006	FY 2007	FY 2008	FY 2009	Total by Fund
Mandatory	\$502,927	\$1,361,166	\$50,976,484	\$1,093,676,973	\$1,146,517,550
Matching Federal	\$0	(\$8,112)	\$98,476,873	\$1,513,328,098	\$1,611,796,859
Discretionary	\$2,680,745	\$122,093,846	\$816,298,238	\$2,850,435,947	\$3,791,508,776
ARRA - Discretionary	\$0	\$0	\$0	\$262,115,149	\$262,115,149
<i>Subtotal Federal</i>	\$3,183,672	\$123,446,900	\$965,751,595	\$5,719,556,167	\$6,811,938,334
Matching State	\$0	(\$3,853,159)	\$48,132,816	\$1,275,609,313	\$1,319,888,970
CCDF MOE	\$0	(\$172)	\$2,954,386	\$944,462,454	\$947,416,668
<i>Subtotal State</i>	\$0	(\$3,853,331)	\$51,087,202	\$2,220,071,767	\$2,267,305,638
Total	\$3,183,672	\$119,593,569	\$1,016,838,797	\$7,939,627,934	\$9,079,243,972

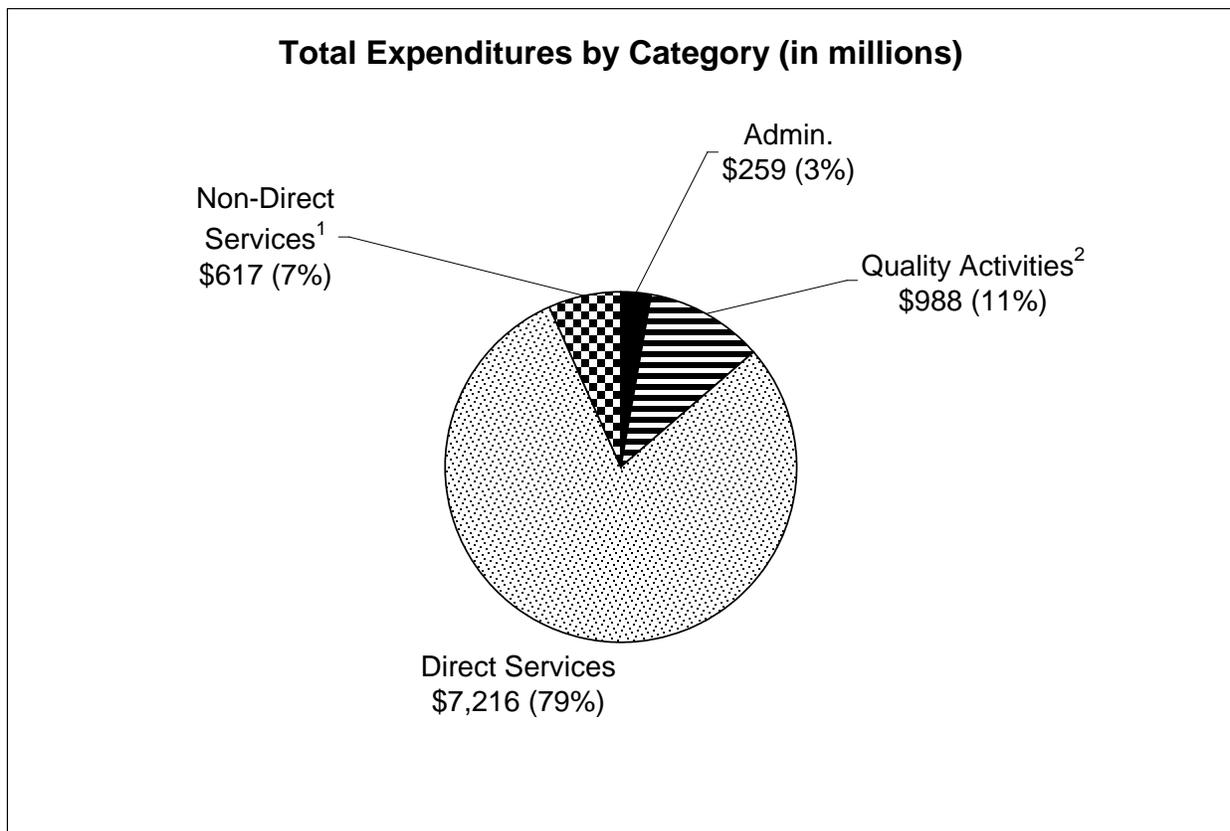
Direct Services. CCDF expenditures on direct child care services were \$7.2 billion or 79 percent of total Federal and State expenditures (including MOE) in FY 2009. This includes \$248 million from ARRA.

Quality Activities. States spent \$988 million (including Targeted funds) or 11 percent of total Federal and State expenditures in FY 2009 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.

Administration. During FY 2009, States expended \$259 million or 3 percent of total Federal and State expenditures (including MOE) on administrative activities. 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.

Non-Direct Services. States spent \$617 million on non-direct services, or 7 percent of total State and Federal expenditures in FY 2009. The breakdown of non-direct services expenditures is \$187 million on child care computer information systems, \$400 million on certificate programs and eligibility determinations, and \$30 million for other costs.

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 Obligations. Of funds that have been obligated, States reported unliquidated balances of \$1.6 billion, comprised of Mandatory funding (FY 2008 and 2009), Discretionary

funding (FY 2007, 2008 and 2009), Matching (FY 2007, 2008 and 2009) and ARRA (FY 2009). 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 2007 Discretionary unliquidated balances and two years to liquidate the FY 2008 balances. FY 2009 Matching unliquidated balances must be expended by September 30, 2010.

Table 2a – Unliquidated¹ Funds as of 09/30/09				
	FY 2007	FY 2008	FY 2009	Total by Fund
Mandatory	\$0	\$267,877	\$83,847,808	\$84,115,685
Matching Federal	\$38,730	\$5,192,628	\$135,534,676	\$140,766,034
Discretionary	\$56,505	\$87,697,150	\$749,817,597	\$837,571,252
ARRA Discretionary	N/A	N/A	\$505,709,470	\$505,709,470
Total	\$95,235	\$93,157,655	\$1,474,909,551	\$1,568,162,441

1. Funds not meeting liquidation deadlines are subject to de-obligation by ACF.