

**CHILD CARE AND DEVELOPMENT FUND
FISCAL YEAR 2010 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) awarded in FY 2009. 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) 2010 CCDF expenditure year from all open appropriation years. States expended a total of \$9.5 billion of combined Federal and State funds, which includes both CCDF and TANF transfers into CCDF. Expenditures of Federal CCDF funds were \$7.2 billion, comprised of \$4.9 billion from FY 2010 and \$2.3 billion from prior year funds (FY 2009 and FY 2008). 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 2010, States reported spending \$1.1 billion in ARRA funding (50 percent of FY 2010 expenditures from the FY 2009 appropriation and 55 percent of total 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 \$122 million in additional State Match and MOE expenditures reported in FY 2010. Some States report State expenditures in excess of the State share amounts required to draw down the full allotment of Federal Matching funds in FY 2010 even though they are not required to do so.

Table 1a - Expenditures in FY 2010 by Appropriation Year¹

	FY 2008	FY 2009	FY 2010	Total by Fund
Mandatory	\$389,536	\$83,613,765	\$1,067,730,314	\$1,151,733,615
Matching Federal	\$120,103	\$135,789,233	\$1,411,436,167	\$1,547,345,503
Discretionary	\$90,296,274	\$873,089,867	\$2,415,106,668	\$3,378,492,809
ARRA Discretionary	-	\$1,112,264,181	-	\$1,112,264,181
<i>Subtotal Federal</i>	\$90,805,913	\$2,204,757,046	\$4,894,273,149	\$7,189,836,108
Matching State	(\$2,622,268)	\$64,663,396	\$1,254,847,960	\$1,316,889,088
CCDF MOE	(\$2,429,655)	(\$661,042)	\$969,534,359	\$966,443,662
<i>Subtotal State</i>	(\$5,051,923)	\$64,002,354	\$2,224,382,319	\$2,283,332,750
Total	\$85,753,990	\$2,268,759,400	\$7,118,655,468	\$9,473,168,858

1. Expenditures may be negative because of changes in reported excess State Match and MOE in prior fiscal years.

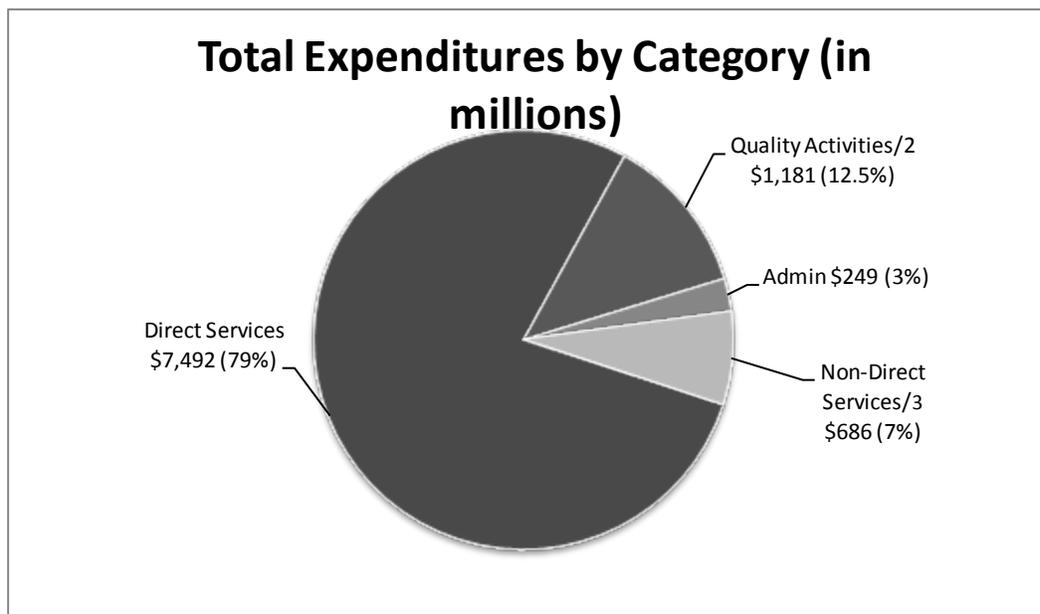
Direct Services. CCDF expenditures on direct child care services were \$7.5 billion or 79 percent of total Federal and State expenditures (including MOE) in FY 2010. This includes \$918 million from ARRA.

Quality Activities. States spent \$1.2 billion (including Targeted funds) or 12.5 percent of total Federal and State expenditures in FY 2010 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 2010, States expended \$249 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 \$686 million on non-direct services, or 7 percent of total State and Federal expenditures in FY 2010. The breakdown of non-direct services expenditures is \$68 million on child care computer information systems,¹ \$261 million on certificate programs and eligibility determinations, and \$357 million for other costs.

Chart 1 – Total Expenditures by Category (in millions)



¹ The total systems expenditure in FY2010 was -\$66,973,438 (see Table 3a). This total is negative because California moved \$134 million from the category “Non-Direct Services Systems” in FY2009 to the “Non-Direct Services-All Other” category in FY2010.

² Quality Activities include the expenditures of Targeted funds.

³ Non-Direct services include expenditures related to the operation of voucher programs, eligibility determination and re-determination, and developing and maintaining computer systems.

Unliquidated Obligations. Of funds that have been obligated, States reported unliquidated balances of \$1.8 billion, comprised of Mandatory funding (FY 2009 and 2010), Discretionary funding (FY 2008, 2009, and 2010), Matching (FY 2009 and 2010) 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 2009 Discretionary unliquidated balances and two years to liquidate the FY 2010 balances. FY 2010 Matching unliquidated balances must be expended by September 30, 2011.

Table 2a - Unliquidated¹ Funds as of 09/30/10				
	FY 2008	FY 2009	FY 2010	Total by Fund
Mandatory	\$0	\$233,566	\$109,794,437	\$110,028,003
Matching Federal	\$0	\$5,646	\$262,338,558	\$262,344,204
Discretionary	\$1,251,183	\$103,357,490	\$709,975,678	\$814,584,351
ARRA Discretionary	-	\$580,620,670	-	\$580,620,670
Total	\$1,251,183	\$684,217,372	\$1,082,108,673	\$1,767,577,228

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