

Notes on CLASP Calculations

CLASP’s state-by-state child care spending analysis includes spending from the Child Care and Development Block Grant (CCDBG) and the Temporary Assistance for Needy Families (TANF) block grant to provide an overall picture of child care spending in federal fiscal year 2005—and previous years—in each state.

To calculate total child care spending in each fiscal year, we sum:

- federal and state CCDBG funds (including liquidated TANF transfers to CCDBG and CCDBG funds appropriated in prior years but liquidated in the given year),
- TANF spent directly on child care, and
- additional state TANF maintenance of effort (MOE) funds.

All figures refer to spending in federal fiscal years; analysis by state fiscal years may differ from our analysis.

Our analysis of total child care assistance does not include Social Services Block Grant (SSBG) funds spent on child care. While 2005 expenditure data are not yet available, SSBG historically has been a much smaller source of child care assistance.

Descriptions of the funding streams and categories of spending:

Child Care and Development Block Grant (CCDBG)

CCDBG is the primary federal program to provide child care assistance to low-income working families. Our analysis of net CCDBG expenditures shows expenditures reported in a given fiscal year from all appropriation years and includes any positive or negative adjustments made to previous reports. CCDBG is comprised of several funding streams, each with its own expenditure rules:

Discretionary Funds

Discretionary funds must be obligated (or legally committed) in two years and liquidated in the subsequent year. In FY 2005, states liquidated discretionary funds that were appropriated in FY 2003-FY 2005.

Mandatory Funds

Mandatory funds must be obligated in the fiscal year they are appropriated and have no deadline for liquidation. In FY 2005, states liquidated mandatory funds that were appropriated in FY 2000 and FY 2002-FY 2005. (No FY 2001 funds were liquidated in FY 2005.)

Federal Matching Funds

Federal matching funds must be obligated in the fiscal year they are appropriated and must be liquidated within two years. Federal matching funds that are unobligated at the end of the fiscal year are returned to the Treasury for reallocation the subsequent year. In FY 2005, states liquidated federal matching funds that were appropriated in FY 2004 and FY 2005.

Obligation and Liquidation Deadlines by CCDBG Funding Stream

Federal Funding Stream	Obligation Deadline	Liquidation Deadline
Discretionary	2 years	3 years
<i>Appropriated in FY 2005</i>	<i>End of FY 2006</i>	<i>End of FY 2007</i>
Mandatory	1 year	No deadline
<i>Appropriated in FY 2005</i>	<i>End of FY 2005</i>	- - -
Matching	1 year	2 years
<i>Appropriated in FY 2005</i>	<i>End of FY 2005</i>	<i>End of FY 2006</i>

State Matching Funds

To draw down all available federal matching funds, states must provide matching funds at the current Medicaid match rate and meet maintenance of effort requirements. State matching funds must be obligated in the year the federal matching funds were appropriated and must be liquidated within two years. In FY 2005, states liquidated state matching funds that were obligated in FY 2003-FY 2005.

State Maintenance of Effort (MOE) Funds

Maintenance of effort requires states to continue spending their own funds at the levels they were matching under the former AFDC child care programs in FY 1994 or FY 1995 (whichever was greater), prior to CCDBG reauthorization in 1996. MOE funds must be liquidated in the year in which federal matching funds were appropriated.

In recent years, a number of states have reported spending above their MOE requirement in a particular year and have “adjusted” this reported overage in subsequent years. This adjustment can be positive or negative. Our analysis of net expenditures in a fiscal year includes any adjustments made in the reported year. In FY 2005, states liquidated FY 2005 MOE funds, and several states made adjustments to MOE expenditures reported for FY 2003 and FY 2004.

Temporary Assistance to Needy Families Block Grant

TANF is a broad, multi-purpose block grant, of which child care expenditures are one allowable expenditure. TANF funds may be spent directly on child care or transferred to CCDBG.

TANF Transfers to CCDBG

States are permitted to transfer up to 30 percent of their TANF block grant to CCDBG. Once transferred, these funds are considered CCDBG discretionary funds and are subject to the rules of that funding stream. When liquidated, TANF transfers are included in the sum of total child care spending. TANF transfer amounts shown for each state are the net TANF transfer to CCDBG, may be liquidated or unliquidated, and include any adjustments to prior year reports or negative transfers (from CCDBG back to TANF) that a state may have made.

TANF Spent on Child Care

TANF funds can be spent on child care directly, without transferring. The amount of TANF direct spending shown for each state combines expenditures on both child care “assistance” and “nonassistance.”

State TANF MOE Spent on Child Care

States must meet a MOE requirement in the TANF program. States are permitted to count child care expenditures towards both CCDBG MOE and TANF MOE requirements. Therefore, in the sum of total child care spending we include *only* TANF MOE spent on child care *in excess* of a state’s fiscal year CCDBG MOE.

Negative Spending

Some states report “negative spending” amounts for TANF or TANF MOE funds used for child care. States are permitted to make revisions to prior financial reports by reporting “negative spending” for a current year. Negative spending adjustments make it difficult to accurately determine the actual level of spending for a current or prior year.