

CRS Report for Congress

Early Childhood Care and Education Programs in the 110th Congress: Background and Funding

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Summary

Federal support for child care and education comes in many forms, ranging from grant programs to tax provisions. Some programs serve as specifically dedicated funding sources for child care services (e.g., the Child Care and Development Block Grant, or CCDBG) or education programs (e.g. Elementary and Secondary Education Act, Title I, Part A, Early Reading First, Even Start, the 21st Century Community Learning Centers Program, the Early Childhood Educator Professional Development program, and the Individuals with Disabilities Act — Preschool Grants program and Infants and Toddlers program), while for others (e.g., Temporary Assistance for Needy Families, or TANF), child care is just one of many purposes for which funds may be used. In many cases, federal programs target low-income families in need of child care assistance, but in the case of certain tax provisions, the benefits reach middle- and upper-income families as well. This report provides an overview of federal child care, early education, and related programs, and their funding status in the 110th Congress.

Funding for many child care, early education, and related programs is provided each year as part of the annual appropriations process for the Departments of Labor (DOL), Health and Human Services (HHS), and Education (ED). Fiscal year (FY) 2007 appropriations bills for those departments (among most others) did not receive floor action in the House or Senate during the 109th Congress, although the 2007 fiscal year began on October 1, 2006. The process now extends into the 110th Congress, with a third continuing resolution (P.L. 109-383) temporarily funding government operations (through February 15, 2007) at rates based on the FY2006 funding levels. FY2006 appropriations (P.L. 109-149) included funding slightly below FY2005 amounts for most child care and related programs, as a result of an across-the-board rescission of 1% applied to most discretionary programs. Additional targeted funding for Head Start and the Social Services Block Grant — supplemental funding targeted specifically in response to needs arising from the Gulf Coast hurricanes of 2005 — was included in the FY2006 Defense Appropriations Act (P.L. 109-148).

Some of the programs discussed in this report have continued to receive funding despite expired program authorizations. Efforts to reauthorize the CCDBG (expired with FY2002) and the Head Start program (expired with FY2003) began in the 108th Congress, but have yet to reach fruition. Thus, potential legislative agenda items for the 110th Congress include reauthorization of those two programs, in addition to education programs covered by the No Child Left Behind Act (NCLBA), which expires with FY2007.

The Administration's budget proposals for FY2008 are expected to be released in February. This report will be updated to reflect such activity, as well as developments with respect to appropriations and changes to programs' reauthorization status.

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Early Childhood Care and Education Programs in the 110th Congress: Background and Funding

Recent Developments

Third Continuing Resolution Extends Funding into the 110th Congress. The 109th Congress adjourned with the FY2007 appropriations process still underway. A third continuing resolution (CR), P.L. 109-383, was signed into law December 9, 2006, providing funding for government operations (including the Departments of Health and Human Services and Education) through February 15, 2007, based on FY2006 funding.

Funding for many child care, early education, and related programs is provided each year as part of the annual appropriations process for the Departments of Labor, Health and Human Services, and Education (Labor-HHS-ED). For information on the FY2007 Labor-HHS-ED appropriations bills that were approved by House and Senate committees in the 109th Congress, but did not receive floor action, see “FY2007 Appropriations Process,” later in this report.

Federal Child Care and Early Education Programs and Tax Provisions

Several federal programs support child care, education, or related services, primarily for low-income working families. In addition, the tax code includes provisions specifically targeted to assist families with child care expenses. Descriptions of those programs and tax provisions follow, as does **Table 1**, which shows funding (or estimated revenue loss or obligations where applicable) for the programs and tax provisions for the past five years. In many cases, other Congressional Research Service (CRS) reports are referenced as sources for more detailed information about individual programs. Several programs were due for reauthorization in the 109th Congress (i.e., Child Care and Development Block Grant and Head Start) but remained unauthorized at the end of the 109th Congress, whereas others (TANF and mandatory child care funding) were reauthorized in the second session. Most of the education programs discussed in this report are contained in the No Child Left Behind Act of 2001 (NCLBA), which expires with FY2007. (These programs include Elementary and Secondary Education Act (ESEA) Title I, Part A, Early Reading First, Even Start, the 21st Century Community Learning Centers program (21st CCLC), and the Early Childhood Educator Professional Development program.) It is anticipated that the 110th Congress will be considering reauthorization of the NCLBA in 2007. Programs for young children contained in the Individuals with Disabilities Education Act (IDEA), e.g., the Preschool Grants program and the Infants and Toddlers program, are not up for reauthorization in the 110th Congress.

Readers should be aware that this report does not attempt to cover all issues connected with each of those reauthorizations.

Child Care and Development Block Grant (CCDBG).¹ The primary federal grant program funding child care is the CCDBG, which was created in 1990, and reauthorized (through FY2002) and substantially expanded in 1996, as part of welfare reform. The CCDBG is overdue for reauthorization, and the 110th Congress inherits this unfinished task. (While the 109th Congress completed legislation to provide the mandatory funding portion for the CCDBG through FY2010, the CCDBG Act itself, which outlines the rules of program, and includes the authorization level for discretionary funding, awaits reauthorization. In the meantime, discretionary funding has been provided via the appropriations process.)

The CCDBG is administered by the Department of Health and Human Services (HHS), and provides formula block grants to states, which use the grants to subsidize the child care expenses of families with children under age 13, if the parents are working or in school and family income is less than 85% of the state median. (In practice, many states establish income eligibility levels that are lower than this federal threshold.) Child care services are provided on a sliding fee scale basis, and parents may choose to receive assistance through vouchers or certificates, which can be used with a provider of the parents' choice, including sectarian providers and relatives.

States receiving CCDBG funds must establish child care licensing standards, although federal law does not dictate what these standards should be or what types of providers must be covered. In addition, states must have health and safety requirements applicable to all providers receiving CCDBG subsidies that address prevention and control of infectious diseases, building and physical premises safety, and health and safety training for care givers. However, federal law does not dictate the specific contents of these requirements.

The CCDBG is funded through both discretionary and capped entitlement (mandatory) grants (referred to in combination as the Child Care and Development Fund (CCDF)), and state maintenance-of-effort (MOE) and matching requirements apply to part of the entitlement funds.² States must use at least 4% of their total funds to improve the quality and availability of child care, and according to statute, must target 70% of entitlement funds on welfare recipients working toward self-sufficiency or families at risk of welfare dependency. However, because all families falling below the 85% of state median income requirement can be categorized as "at risk," the 70% targeting of the welfare or at-risk population does not necessarily mean welfare families must be served. In theory, all funds may be used for low-income, non-welfare, working families. However, state plans indicate that many

¹ For more information, see CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Melinda Gish.

² For more detailed information on the CCDF financing structure and early spending trends (through FY2000), see CRS Report RL31274, *Child Care: Funding and Spending under Federal Block Grants*, by Melinda Gish.

states guarantee child care to welfare families. No more than 5% of state allotments may be used for state administrative costs.

The FY2006 Appropriations Act for the Departments of Labor, HHS, and Education (P.L. 109-149) included roughly \$2.1 billion in discretionary funding for the CCDBG. (An across-the-board rescission of 1% brought the precise total to \$2.062 billion.) For FY2005, the Consolidated Appropriations Act (P.L. 108-447) provided \$2.083 billion. Mandatory (or “entitlement”) CCDBG funding beginning in FY2003 through FY2005 was provided at the FY2002 rate (\$2.717 billion for the year), under a series of funding extensions. Ultimately, as alluded to earlier, funding for a longer, five-year period (FY2006-FY2010) was included in the Deficit Reduction Act of 2005, a budget spending reconciliation bill (S. 1932), which was signed into law (P.L. 109-171) on February 8, 2006. This law provides \$2.917 billion annually for each of FY2006-2010.

Temporary Assistance for Needy Families (TANF). TANF, created in the 1996 welfare reform law (P.L. 104-193), provides fixed block grants for state-designed programs of time-limited and work-conditioned aid to needy families with children. The original legislation provided \$16.5 billion annually through FY2002, and after a series of twelve temporary extensions, Congress included several welfare provisions (and mandatory child care funding) in its spending budget reconciliation bill (S. 1932) which was signed into law (P.L. 109-171) on February 8, 2006. The law maintains the TANF block grant at \$16.5 billion for FY2006-2010. Child care is one of many services for which states may use TANF funding. In FY2005, HHS reports that states spent \$1.3 billion in federal TANF funds for child care within the TANF program, and \$1.92 billion in state TANF and separate state program (SSP) MOE funds. (Of that \$1.92 billion in state spending, approximately \$858 million could be “double counted” as state spending toward the CCDF MOE requirement.)³ In addition, states may transfer up to 30% of their TANF allotments to the CCDBG (CCDF), to be spent according to the rules of that program (as opposed to TANF rules). The transfer from the FY2005 TANF allotment to the CCDBG totaled \$2.0 billion (representing 12% of the FY2005 TANF allotment).

Child and Adult Care Food Program (CACFP). The CACFP provides federal funds (in some cases commodities) for meals and snacks served in licensed child care centers, family and group day care homes, and Head Start centers. Child care providers that are exempt from state licensing requirements must comply with alternative state or federal standards. Children under 12, migrant children under 15, and children with disabilities of any age may participate, although most are preschoolers. Eligible providers are usually public and private nonprofit organizations. The CACFP is an open-ended entitlement, administered by the Department of Agriculture. For FY2005, obligations are estimated to have been \$2.066 billion, increasing to \$2.174 billion in FY2006.⁴

³ For more information on states’ use of TANF funds, see CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on Financing and Requirements for State Programs*, by Gene Falk.

⁴ See CRS Report RL33307, *Child Nutrition and WIC Programs: Background and Recent* (continued...)

Social Services Block Grant (SSBG). Title XX of the Social Security Act authorizes Social Services Block Grants, which may be used for social services at the states' discretion. There are no federal income eligibility requirements, targeting provisions, service mandates, or matching requirements. The most recently published HHS analysis of state expenditures indicates that 10% of total SSBG expenditures made in FY2004 (\$254 million) were for child care in that year, an increase from those made for child care in FY2003 (\$165 million). Title XX is a capped entitlement, and state allocations are based on relative population size. It should be noted that although the SSBG has an entitlement ceiling, appropriations may not always abide by it. For example, the ceiling in FY2001 was \$1.7 billion; however, Congress appropriated \$1.725 billion for that year, despite the ceiling. The FY2006 Appropriations Act for the Departments of Labor, HHS, and Education (P.L. 109-149) included identical provisions to the FY2005 appropriations: \$1.7 billion for the SSBG and states' authority to transfer up to 10% of their TANF block grants to the SSBG. (Note: the SSBG is not a discretionary program, and thus was not affected by the across-the-board rescission.) In addition to the regular SSBG funding, an additional \$550 million was provided in the Defense Appropriations Act (P.L. 109-148), targeted for needs arising from the Gulf Coast Hurricanes of 2005.⁵

Head Start. Head Start provides comprehensive early childhood education and development services to low-income preschool children, typically (but not always) on a part-time basis. The Head Start Act has been due to be reauthorized since the end of FY2003, but remained an unfinished legislative agenda item at the close of the 109th Congress. Funding has nevertheless been provided through the appropriations process. Under current law, Head Start funds are provided directly by HHS to local grantees, which must comply with detailed federal performance standards. In its budget request for FY2006, the Administration proposed to give up to nine states the opportunity to administer Head Start, provided they demonstrate how Head Start will be coordinated with other preschool programs and services to emphasize developing skills and behaviors including language development; pre-reading skills; numeracy; and social and emotional competence, while meeting state-established accountability standards. This proposal proved controversial in both the House and Senate during the 108th Congress, and was not proposed in either the reauthorization bill passed in the House (H.R. 2123) or the Senate bill approved in committee (S. 1107) during the 109th Congress; nor did the President propose it with his budget for FY2007.⁶

The available data show funded enrollment for Head Start in FY2005 to have totaled 906,993 children (10% of whom were under age 3, participating in Early Head Start). The FY2006 Appropriations Act for the Departments of Labor, HHS, and Education (P.L. 109-149) provided \$6.786 billion (post-rescission of 1%) for

⁴ (...continued)

Funding, by Joe Richardson.

⁵ See CRS Report 94-953, *Social Services Block Grant (Title XX of the Social Security Act)*, by Melinda Gish.

⁶ For more information, see CRS Report RL30952, *Head Start: Background and Issues*, by Melinda Gish.

Head Start, a decrease from the FY2005 funding level (post-rescission of 0.8%) of \$6.843 billion. In addition, as mentioned earlier, the Defense Appropriations Law (P.L. 109-148) provided \$90 million in Head Start funding to be used specifically for grantees serving children displaced by last year's Gulf Coast hurricanes, and to help with costs of renovating Head Start facilities that were affected by the storms.

Elementary and Secondary Education Act (ESEA) Title I, Part A.

ESEA Title I, Part A, is the largest federal program serving disadvantaged children, particularly school-age children. After Head Start, it is the largest program providing early education and care to young children. The U.S. Department of Education estimates that approximately 2% of children served by Title I each year are preschoolers. Preschool services are not separately funded under Title I, Part A — such spending occurs if local educational agencies (LEAs) choose to use some of their Title I funds for this purpose. Title I, Part A, received \$12.71 billion in funding for FY2006 and \$12.74 billion in funding for FY2005.

Early Reading First. The Early Reading First program, authorized by ESEA Title I, Part B, Subpart 2, supports local efforts to enhance the school readiness of young children — particularly those from low-income families — through scientific research-based strategies and professional development that are designed to enhance the verbal skills, phonological awareness, letter knowledge, and pre-reading skills of preschool age children.⁷ The program provides competitive grants to eligible local educational agencies (LEAs) and to public or private organizations or agencies that are located in eligible LEAs. The Department of Education may award grants for up to six years. Early Reading First received \$103 million in funding for FY2006, and \$104 million in funding for FY2005.

The William F. Goodling Even Start Family Literacy Programs (Even Start). The Department of Education administers the Even Start program, which provides education and related services jointly to disadvantaged parents and their young children.⁸ The program is authorized by ESEA Title I, Part B, Subpart 3, and is intended to integrate early childhood education, adult basic education, and parenting skills education into a unified family literacy program. The program provides grants to states which then distribute them to eligible entities (consisting of a local education agency (LEA) in collaboration with a community based organization). Even Start services generally serve children age 0-7 and their parents. Even Start services must include adult literacy instruction, early childhood education, instruction to help parents support their child's education, participant recruitment, screening of parents, staff training, and home-based instruction.

The Even Start program, first authorized in 1989, grew rapidly in its first years, but it has been subject to increasing criticism in recent years and has seen its funding decline in each year from FY2003 through FY2006. The appropriation for FY2006

⁷ For more information, see CRS Report RL31241, *Reading First and Early Reading First: Background and Funding*, by Gail McCallion.

⁸ For more information, see CRS Report RL30448, *Even Start Family Literacy Programs: An Overview*, and CRS Report RL33071, *Even Start: Funding Controversy*, by Gail McCallion.

was \$99 million, a cut of \$126 million from the FY2005 funding level of \$225 million. The Administration has requested no funding for the program for FY2007.

The Administration contends that the program has not demonstrated it has been effective in improving child and adult learning outcomes through the integration of the four core services of adult education, parenting education, parent-child activities, and early childhood education. The Administration argues that these conclusions are supported by data from three national evaluations of Even Start, as well as poor ratings on their Program Assessment Rating Tool system (PART).

Advocates of continuing the Even Start program argue that the goal of providing integrated family literacy services to an extremely disadvantaged population is so important that the program should not be eliminated. Furthermore, they argue that a thorough study of the impact of legislatively mandated quality improvements to Even Start is needed, as well as a concerted effort to improve the program through implementation of model programs and technical assistance.

21ST Century Community Learning Centers (21ST CCLC). The 21ST CCLC program is administered by the Department of Education and is authorized by Elementary and Secondary Education Act (ESEA), Title IV, Part B, as amended in 2002 by the No Child Left Behind Act (P.L. 107-110).⁹ Funding for the 21ST CCLC program is provided to states under a formula grant, based on states' shares of Title I, Part A, funds. States use their allocations to make competitive awards to local educational agencies, community-based organizations, or consortia of public or private agencies that primarily serve students who attend schools with concentrations of poor students or low-performing schools. The focus of the program is on providing after-school academic enrichment opportunities for children. Most 21ST CCLC funding serves school-age children; the U.S. Department of Education estimates that approximately 0.6% of regular attendees are preschoolers, and approximately 5% of regular attendees are kindergartners. The 21ST CCLC received \$981 million in funding for FY2006, and \$991 million for FY2005.

Early Childhood Educator Professional Development. The Department of Education provides competitive grants to partnerships to improve the knowledge and skills of early childhood educators who work in communities that have high concentrations of children living in poverty. FY2006 funding was \$14.5 million; FY2005 funding was \$15 million.

Individuals with Disabilities Education Act (IDEA) Programs. The majority of IDEA funding for special education and related services (approximately 90%) goes to school-age children via grants to states. However, IDEA also authorizes two state grant programs for young children — an early intervention program for Infants and Toddlers with disabilities (IDEA, Part C) and a Preschool program for children with disabilities (IDEA, Part 619).¹⁰ The Infants and Toddlers

⁹ For more information, see CRS Report RL31240, *21ST Century Community Learning Centers in P.L. 107-110: Background and Funding*, by Gail McCallion.

¹⁰ For more information, see CRS Report RL31273, *Individuals with Disabilities Education* (continued...)

program serves disabled children from birth to 2 years of age, and the Preschool program generally serves children ages 3 to 5.

The Infants and Toddlers program requires that states receiving grants create and maintain a “statewide, comprehensive, coordinated, multidisciplinary, interagency system that provides early intervention services for infants and toddlers with disabilities and their families.” Services focus on children experiencing “developmental delay” with respect to physical, mental, or other capacities, and their families. Services are detailed for each child and his or her family in an Individualized Family Service Plan. Services are to be provided, to the maximum extent feasible, in “natural environments,” including the home, with other infants and toddlers who are not disabled.

States are eligible for Preschool grants under Section 619 of IDEA if they are eligible for grants under IDEA, Part B, grants to states, and they make available free appropriate public education to all disabled children 3 to 5 in the state. In recent years, all states qualified and received preschool grants under this section. Since Part B grants to states are used to serve children with disabilities as young as 3 years of age (as well as school-age children), Section 619 is not so much a separate program as it is supplementary funding for services to this age group. In general, the provisions, requirements, and guarantees under the grants to states program that apply to school-age children with disabilities also apply to children in this age group. As a result, Section 619 is a relatively brief section of the law, which deals mostly with the state and substate funding formulas for the grants and state-level activities.

IDEA was reauthorized during the 108th Congress. IDEA, Part C, received \$436 million in funding for FY2006, and \$441 million in funding for FY2005. IDEA, Section 619, received \$381 million in funding for FY2006 and \$385 million in funding for FY2005.

Child Care Access Means Parents in School (CAMPIS). Authorized under the Higher Education Act amendments of 1998, and first funded for FY1999 at \$5 million, the CAMPIS program is designed to support the participation of low-income parents in post-secondary education through campus-based child care services. Discretionary grants of up to four years in duration are awarded competitively to institutions of higher education, to either supplement existing child care services, or to start a new program. Funding for FY2006 was \$15.8 million; funding for FY2005 was \$16 million.

Early Learning Fund/Early Learning Opportunities Act Program. This HHS program (referred to by both names), authorized by the FY2001 Consolidated Appropriations Act (P.L. 106-554) was last funded in FY2005 at \$36 million. The FY2006 Appropriations Act includes no funding for this program. When funded, the program provided grants to communities to enhance school readiness for children under five, specifically by funding efforts to improve the cognitive, physical, social, and emotional development of these children. Although

¹⁰ (...continued)

Act (IDEA): Early Childhood Programs (Section 619 and Part C), by Richard N. Apling.

authorized at \$600 million, FY2002 funding for the program was set at \$25 million; FY2003 funding was set at \$34 million (despite the President's FY2003 budget proposal to eliminate the program) and for FY2004, P.L. 108-199 included \$34 million for the Early Learning Fund.

Dependent Care Tax Credit (DCTC). The DCTC is a non-refundable tax credit for employment-related expenses incurred for the care of a dependent child under 13 or a disabled dependent or spouse, under Section 21 of the tax code.¹¹ Beginning in tax year 2003, the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16) increased the maximum credit rate to 35% of expenses up to \$3,000 for one child (for a credit of \$1,050), and up to \$6,000 for two or more children (for a credit of \$2,100). The 35% rate applies to taxpayers with adjusted gross incomes of \$15,000 or less. The rate decreases by 1% for each additional \$2,000 increment (or portion thereof) in income until the rate reaches 20% for taxpayers with incomes over \$43,000. The Joint Committee on Taxation's estimated revenue loss for 2005 is \$3 billion, and \$2.2 billion for 2006.

Dependent Care Assistance Program (DCAP). Under Section 129 of the tax code, payments made by a taxpayer's employer for dependent care assistance may be excluded from the employee's income and, therefore, not be subject to federal income tax or employment taxes.¹² The maximum exclusion is \$5,000. Section 125 of the tax code allows employers to include dependent care assistance, along with other fringe benefits, in nontaxable flexible benefit or "cafeteria" plans. The estimated revenue loss associated with this income exclusion is \$1 billion in 2005 and \$1.1 billion for 2006.

¹¹ See CRS Report RS21466, *Dependent Care: Current Tax Benefits and Legislative Issues*, by Christine Scott.

¹² *Ibid.*

Table 1. Funding for Federal Early Childhood Care, Education, and Related Programs, FY2002-FY2006

(\$ in millions)

Program (federal admin. agency)	2002	2003	2004	2005	2006
CCDBG -discretionary portion (HHS)	\$2,100	\$2,086 ^h	\$2,087 ^k	\$2,083 ^l	\$2,062 ^m
CCDBG -entitlement portion (HHS)	2,717	2,717 ^b	2,717 ^b	2,717 ^b	2,917 ⁿ
TANF ^a (HHS)	a	a	a	a	a
Child and Adult Care Food (USDA)	1,831 ^c	1,915 ^c	2,056 ^c	2,066 ^c	2,174 ^c
Social Services Block Grant (HHS)	1,700 ^d	1,700 ^d	1,700 ^d	1,700 ^d	1,700 ^{d,p}
Head Start (HHS)	6,538 ^e	6,668 ^f	6,775 ^{e,k}	6,843 ^{e,l}	6,786 ^{m,o}
Elementary and Secondary Education Act (ESEA) Title I, Part A ^q (ED)	q	q	q	q	q
21 st Century Community Learning Centers (ED)	1,000	994 ^h	999 ^k	991 ^l	981 ^m
Even Start (ED)	250	248 ^h	247 ^k	225 ^l	99 ^m
IDEA Infants and Families (ED)	417	434 ^h	444 ^k	441 ^l	436 ^m
IDEA Preschool Grants (ED)	390	387 ^h	388 ^k	385 ^l	381 ^m
Early Learning Fund / ELOA (HHS)	25	34 ^h	34 ^k	36 ^l	0
Early Reading First (ED)	75	75 ^h	94 ^k	104 ^l	103 ^m
Early Childhood Educator Professional Development (ED)	15	15 ^h	15 ^k	15 ^l	14.5 ^m
Child Care Access Means Parents in School (ED)	22 ⁱ	16 ^h	16 ^k	16 ^l	15.8 ^m
Dependent Care Tax Credit (Treasury)	2,500 ^g	3,200 ^j	3,100 ^j	3,000 ^j	2,200 ^j
Dependent Care Assistance Program (Treasury)	600 ^g	800 ^g	800 ^g	1,000 ^g	1,100 ^g

Source: Table prepared by the Congressional Research Service (CRS).

- a. TANF funds (\$16.5 billion annually) may be used for child care, but are not specifically appropriated as such. HHS reports that states spent \$1.3 billion in federal TANF funds for child care within the TANF program in FY2005 (the most recent data available). Also, the FY2005 transfer from the FY2005 TANF allotment to the CCDBG totaled \$2.0 billion (representing 12% of the FY2005 TANF allotment).
- b. Funding for TANF and the mandatory portion of CCDBG funding for FY2003, FY2004, and FY2005 was provided (at the FY2002 rates) through a series of temporary extensions.
- c. Obligations (actual for 2002-2004; estimated for 2005-2006), Department of Agriculture.
- d. Total SSBG appropriation amount shown. In FY2004 (most recent data available), \$254 million in SSBG expenditures was for child care. In FY2003, the comparable figure was \$165 million, and in FY2002, it was \$205 million.
- e. In FY2002 and FY2004, \$1.4 billion was advance appropriated for the following year. In FY2005, \$1.389 billion of the \$6.843 billion was advance appropriated for FY2006.
- f. Of the \$6.668 billion, \$5.268 billion was available for FY2003, and \$1.4 billion was available in FY2004. The \$5.268 billion was exempt from rescissions (or "offsets") included in P.L. 108-7. However, the advance appropriation of \$1.4 billion for FY2004, included in P.L. 108-7, was subject to the 0.59% rescission included in the FY2004 appropriations law (P.L. 108-199).
- g. Revenue loss, Joint Committee on Taxation.
- h. Amount reflects rescission included in P.L. 108-7.
- i. This amount excludes \$3 million in unobligated funds transferred to the Program Administration account to help offset a \$3.7 million rescission in administrative and related expenses pursuant to section 803 of the FY2002 Supplemental Appropriations Act.

- j. Revenue loss, Joint Committee on Taxation. Note: The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) raised the limit on expenses allowed for the credit, beginning in tax year 2003.
- k. These discretionary programs were subject to an across-the-board rescission of 0.59% included in P.L. 108-199. For the larger programs, the listed amount reflects the rescission, whereas for the smaller programs, the use of rounding in the table masks the decrease in the actual appropriation.
- l. The omnibus appropriations law (P.L. 108-447) included an across-the-board rescission of 0.8% for these discretionary programs. The numbers in the table reflect the offset. (For the smaller programs, the use of rounding in the table masks the decrease in the actual appropriation.)
- m. This amount reflects the 1% across-the-board rescission that applies to discretionary programs included in this appropriations act (P.L. 109-149).
- n. P.L. 109-171 provides \$2.917 billion for mandatory child care funding in each of fiscal years 2006-2010.
- o. Of the \$6.786 billion (post-rescission), \$1.386 billion became available in FY2007. In addition to the amount shown in the table, the Defense Appropriations Act (P.L. 109-148) provided \$90 million in additional funding for Head Start, to be used specifically for grantees serving children displaced by last year's Gulf Coast hurricanes, and to help with costs of renovating Head Start facilities that were affected by the storms.
- p. In addition to the \$1.7 billion appropriated in the Labor, HHS, Education law (P.L. 109-148), the Defense Appropriations Act (P.L. 109-149) provided \$550 million in SSBG funds, specifically targeted for needs arising from the Gulf Coast Hurricanes of 2005.
- q. ESEA Title I, Part A funding primarily serves *school-age* disadvantaged children; however, the U.S. Department of Education estimates that approximately 2% of children served by Title I each year are preschoolers. These preschool services are not separately funded under Title I, Part A, but rather are spent for this purpose at the discretion of local educational agencies (LEAs). Preschool spending data is not collected. Total ESEA Title I, Part A funding was \$12.74 billion in FY2006; \$12.74 billion in FY2005; \$12.34 billion in FY2004; \$11.69 billion in FY2003; and \$10.35 billion in FY2002.

FY2007 Appropriations Process

The 110th Congress has inherited the task of completing the FY2007 appropriations process, which has consisted of a series of continuing resolutions, the third of which (P.L. 109-383) is to provide funding through February 15, 2007 at the FY2006 annual rate. (Supplemental funding, like that provided to Head Start and SSBG to target needs arising from the 2005 Gulf hurricanes, was not included in determining the FY2006 rate for the FY2007 appropriations.) The 2006 fiscal year concluded with the 109th Congress failing to pass most of its appropriations bills for FY2007, including a bill making appropriations for the Departments of HHS, Labor, and Education. Therefore, in order to continue funding government operations into FY2007, Congress passed the first of three continuing resolutions (CR), attaching it to the Defense Appropriations Conference Report (H.Rept. 109-676), and it was signed into law (P.L. 109-289) on September 29, 2006.

While neither the House nor Senate passed a bill in the 109th Congress making FY2007 appropriations for the Departments of Labor, Health and Human Services, and Education, their respective appropriations committees did pass bills. The House committee reported H.R. 5647 (H.Rept. 109-515) on June 20, 2006, and the Senate committee reported S. 3708 (S.Rept. 109-287) one month later. The committees' proposed funding levels for child care and select related programs are shown in **Table 2**, alongside the funding levels requested by the President for FY2007.

Table 2. President's FY2007 Funding Request Compared to FY2007 Funding Levels Approved by Committees in House (H.R. 5647) and Senate (S. 3708) — 109th Congress
(\$ in millions)

Program	President's request FY2007	House Committee-passed (H.R. 5647)	Senate Committee-passed (S. 3708)
CCDBG discretionary (HHS)	\$2,062	\$2,062	\$2,062
SSBG (HHS)	1,200	1,700	1,700
Head Start (HHS)	6,786	6,789	6,789
21 st CCLC (ED)	981	981	981
Even Start (ED)	0	70	0
IDEA Infants and Families (ED)	436	436	436
IDEA Preschool (ED)	381	381	381
Early Childhood Educator Professional Development (ED)	15	15	15
Early Reading First (ED)	103	103	100
Child Care Access Means Parents in School (CAMPIS) (ED)	16	16	16

Source: Table prepared by the Congressional Research Service (CRS).