

## SECTION 9-CHILD CARE

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### INTRODUCTION

Child care has been an ongoing issue of public policy concern primarily because, in most American families with children, mothers work. This is true regardless of whether mothers are married or unmarried and regardless of the age of their children, although mothers of school-age children have a higher rate of employment than mothers of preschoolers. Thus, some form of child care is a fact of life for the majority of families with children, and Federal grants and tax credits exist to help offset the expense for those who purchase child care. Over time, policymakers have debated the appropriate Federal role in addressing questions of adequacy, affordability and quality of child care. The role of child care as a work support for low-income and welfare-recipient families has been a particular focus of debate. In recent years, child care as a policy issue has broadened into the related areas of early childhood development and education, as research has focused on the connection between children's early experiences and their successful long-term development. Child care discussions increasingly include a focus on content and quality, while discussions of early childhood development and education increasingly address the need for coordination with child care services to fit the schedules of working families.

This chapter provides a brief overview of the history of Federal policy related to child care, followed by a detailed discussion and presentation of data related to the primary Federal grant program that supports child care, referred to as the Child Care and Development Fund (CCDF). The chapter also provides a

limited amount of contextual information on labor force participation of mothers, the types and costs of child care arrangements used by working families, child care providers in the U.S., and State regulation of child care.

## **THE FEDERAL ROLE**

### **LEGISLATIVE HISTORY AND OVERVIEW**

The Federal Government entered the child care business during the 1930s when federally-funded nursery schools were established for poor children. The motivation for creating these nursery schools was not specifically to provide child care for working families. Rather, the schools were designed primarily to create jobs for unemployed teachers, nurses, and others, and also to provide a wholesome environment for children in poverty. When mothers began to enter the work force in large numbers during World War II, many of these nursery schools were continued and expanded. Federal funding for child care and other community facilities was available during the war years under the Lanham Act, which financed child care for an estimated 550,000-600,000 children before it was terminated in 1946.

The end of the war brought the expectation that mothers would return home to care for their children. However, many women chose to remain at work and labor force participation of mothers continued to rise. In 1954, Congress enacted a comprehensive revision of the Internal Revenue Code, establishing a statutory tax deduction for child and dependent care expenses. (In 1976, the deduction was replaced with a tax credit known as the Child and Dependent Care Tax Credit; see Section 13.) The appropriate Federal role in supporting child care through grants, particularly for poor families, was a topic of debate at least as early as the 1960s, when Congress authorized a limited use of funds to subsidize the child care costs of welfare recipients.

Concerns that child care may be in short supply, not of good enough quality, or too expensive for many families escalated during the late 1980s into a national debate over the nature and extent of the Nation's child care problems and what, if any, Federal interventions would be appropriate. The debate centered on questions about the type of Federal subsidies that should be made available and for whom, whether the Federal Government should set national child care standards, conditions under which religious child care providers could receive Federal funds, and how best to assure optimal choice for parents in selecting child care arrangements for their children, including options that would allow a mother to stay home. Differences stemming from philosophical and partisan views, as well as jurisdictional concerns, were reflected throughout the debate.

The debate culminated in the enactment of legislation in 1990 that expanded Federal support for child care by establishing two new child care grant programs to States. The programs -- the Child Care and Development Block Grant (CCDBG) and the At-Risk Child Care Program -- were enacted as part of

the Omnibus Budget Reconciliation Act of 1990 (Public Law 101-508). These programs were preceded by enactment of a major welfare reform initiative, the Family Support Act of 1988 (Public Law 100-485), which authorized expanded child care assistance for welfare families and families leaving welfare. The combined effect of the 1988-1990 legislation was the creation of four programs to support child care, of which three were associated with the cash welfare system. Families on welfare (then Aid to Families with Dependent Children, or AFDC) were entitled to free child care. Families who left the AFDC rolls for employment were entitled to 12 months of “transitional” subsidized child care. The third AFDC program targeted families who would be “at-risk” of dependence on AFDC in the absence of subsidized child care. These three programs were all funded with mandatory money and fell under the same congressional committee jurisdiction (the House Ways and Means and Senate Finance Committees). However, they operated under separate rules and targeted three separate populations. The fourth program was the Child Care and Development Block Grant (CCDBG), which supported child care for low-income families not connected with the AFDC cash welfare system. The block grant subsidized child care for families with incomes up to 75 percent of State median income, and also provided funds for activities to improve the overall quality and supply of child care. Unlike the three AFDC-related programs, the block grant was funded with discretionary funds and was overseen by the committees now known as the House Education and Labor Committee and Senate Health, Education, Labor and Pensions Committee.

The 1996 welfare reform law (Public Law 104-193) repealed AFDC and its related child care programs. Instead of preserving three separate child care programs, the 1996 law created a consolidated block of mandatory funding under section 418 of the Social Security Act. Like the earlier three programs, this consolidated block of child care funding was designed to be largely targeted toward families on, leaving, or at-risk of receiving welfare (now called Temporary Assistance for Needy Families, or TANF), although welfare families were no longer entitled to child care support. To create a simpler and more unified child care system, the 1996 law directed that the new mandatory funding be transferred to each State’s lead agency managing the CCDBG and be spent in accordance with CCDBG rules. In addition to creating the mandatory child care funds, the 1996 law reauthorized and amended the CCDBG, expanding eligibility to 85 percent of State median income. Mandatory funding remained under House Ways and Means and Senate Finance Committee jurisdiction; discretionary funding in the CCDBG stayed under House Education and Labor and Senate HELP Committee jurisdiction. In implementing the 1996 law, the Department of Health and Human Services (HHS) referred to the combined mandatory and discretionary funding as the Child Care and Development Fund (CCDF).

As a component of welfare reform, the 1996 child care provisions were intended to support the overall goal of promoting self-sufficiency through work. However, separate from the context of welfare reform, the legislation aimed to

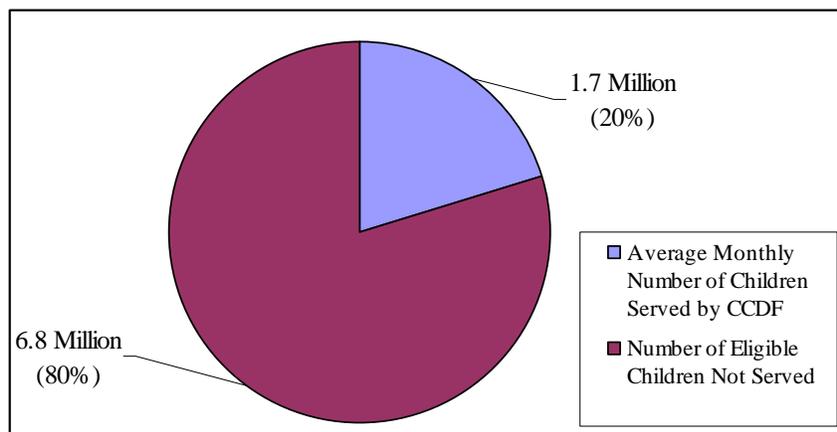
address concerns about the effectiveness and efficiency of child care programs. The four separate child care programs that were enacted in 1988 and 1990 had different rules regarding eligibility, time limits on the receipt of assistance, and work requirements. Consistent with other block grant proposals considered in the 104th Congress, the child care provisions in the 1996 welfare law were intended to streamline the Federal role, reduce the number of Federal programs and conflicting rules, and increase the flexibility provided to States.

Most recently, after a 4-year debate, Congress enacted legislation, the Deficit Reduction Act (DRA) (Public Law 109-171), in 2006 that extended TANF and mandatory child care funding through fiscal year 2010, increasing mandatory child care funding by \$200 million per year (a total increase of \$1 billion over 5 years). The 2005 legislation did not extend the discretionary authorization of appropriations for the CCDBG; however, Congress has continued to enact appropriations for the CCDBG each year since its expiration in 2002.

Although the CCDF is considered the primary source of Federal funding for child care subsidies for low-income working and welfare families, two other Federal block grants contribute significantly to overall child care funding: the TANF block grant under title IV-A of the Social Security Act, and the Social Services Block Grant (SSBG) under title XX of the Social Security Act. TANF contributions to child care, both in direct spending and in the form of transfers to the CCDF, peaked in 2000, and have remained significant but slowly declining in the years since (\$3.1 billion in fiscal year 2006). As noted above, total child care spending from the CCDF increased every year through fiscal year 2003, and has declined somewhat since (as shown in Table 9-4).

Despite the increased Federal resources for child care since 1996, concerns have persisted about the adequacy and quality of child care for low-income working families. In 2005, over 8.5 million children were estimated to be eligible for CCDF subsidies based on State-specific eligibility rules. The Congressional Research Service (CRS) estimated that about 20 percent (1.7 million) of eligible children received subsidies through CCDF in that fiscal year (see Chart 9-1); however, this figure does not encompass child care subsidies provided directly through TANF or SSBG. While only 20 percent of children eligible for CCDF received subsidies from that program in 2005, the U.S. Census Bureau reports that nearly 63 percent of all children under the age of five were in some type of regular care arrangement in 2005, including child care, Head Start, and pre-kindergarten programs (Census Bureau, 2008).

CHART 9-1--PERCENT OF CHILDREN ELIGIBLE UNDER STATE RULES THAT WERE SERVED BY CCDF—FY2005



Source: Congressional Research Service (CRS) based on data from the Urban Institute Transfer Income Model (TRIM) and the U.S. Department of Health and Human Services (HHS). TRIM estimates eligibility based on Current Population Survey data from 2005 and State-specific CCDF eligibility rules.

Throughout welfare reauthorization discussions in 2002-2005, the funding level for child care was a major point of contention. Welfare caseloads have declined since 1996, thus “freeing up” funds previously used for cash assistance for other services such as child care. However, the decline in the welfare caseload has not translated into a decline in the larger low-income population that the CCDF was created to serve, regardless of welfare status.

With respect to the welfare population, the welfare reauthorization debates of 2002-2005 also focused on the effect that proposed increases in required hours of work and other activities by welfare recipients would have on the need for child care. As the hours of work and other activities required of welfare recipients were increased, many argued that increased child care funding was even more essential. Child care remained an issue in the debate over how to move welfare recipients toward employment and self-sufficiency; mothers on welfare can have difficulty entering the labor force because of child care problems. These issues were compounded by the aforementioned argument that former welfare recipients in low-wage jobs, along with low-income working families that have never received welfare, also continue to need child care subsidies.

Finally, the impact of child care on the children themselves is an ongoing issue of considerable interest, centering on whether children benefit from participation in programs with an early childhood development focus and, if so, what is the appropriate Federal role in ensuring an adequate and affordable supply of high-quality child care services that can positively affect child well-being and long-term development.

## MAJOR CHILD CARE PROGRAMS

Table 9-1 provides a brief description of the major Federal programs that currently support child care and related activities. One of the largest Federal sources of child care assistance is provided indirectly through the Tax Code, in the form of the Dependent Care Tax Credit, a nonrefundable tax credit for taxpayers who work or are seeking work. Other major sources of Federal child care assistance include the CCDF, the SSBG, the TANF block grant, and the Child and Adult Care Food Program, which subsidizes meals for children in child care. Head Start, the early childhood development program targeted to low-income preschool children, also is sometimes characterized as a child care program. Although Head Start primarily operates on a part-day, part-year basis, programs increasingly are being linked to other all-day child care providers to better meet the needs of full-time working parents. Table 9-1 shows the most recent available funding or spending data for each of these programs. In some cases, the available data are not for comparable years. Moreover, it should be noted that programs such as the CCDF, Head Start, and the Child and Adult Care Food Program provide funding specifically dedicated for child care and/or development, whereas TANF and SSBG funding are used for child care at each State's option. In recent years, States have chosen to use a significant portion of their flexible funds for the purpose of supporting child care services. As noted earlier, in fiscal year 2006, \$3.1 billion in Federal TANF funding was spent either directly on child care or transferred to the CCDF for use under that program. In fiscal year 2006, an estimated \$220 million in SSBG spending supported child day care.

TABLE 9-1--OVERVIEW OF FEDERAL PROGRAMS THAT SUPPORT CHILD CARE

	Dependent Care Credit	Child Care and Development Fund	Child and Adult Care Food Program	Title XX Social Services Block Grant	Head Start	TANF
Budgetary classification	Nonrefundable tax credit	Discretionary authorization and pre-appropriated mandatory funding	Authorized entitlement	Authorized entitlement	Discretionary authorization	Pre-appropriated mandatory funding
Statutory authority	Internal Revenue Code	Omnibus Budget Reconciliation Act of 1990 and Personal Responsibility and Work Opportunity Reconciliation Act of 1996	Richard B. Russell National School Lunch Act	Social Security Act	Omnibus Budget Reconciliation Act of 1981	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
Federal administration	USDOT, IRS	HHS, ACF	USDA, FNS	HHS, ACF	HHS, ACF	HHS, ACF
Federal funding support	NA	Funding ceiling, 100 percent Federal funding for discretionary and part of mandatory funding; balance at Medicaid match rate	Open ended, 100 percent Federal funding	Funding ceiling, 100 percent Federal funding	Funding ceiling, 80 percent Federal funding	Funding ceiling, 100 percent Federal funding (with State maintenance-of-effort (MOE) requirements)
Fiscal year 2008 funding (in millions) <sup>1</sup>	\$1,810 <sup>2</sup>	\$2,062 - Discretionary, \$2,917 - Mandatory	\$2,304 <sup>3</sup>	Total is \$1,700 <sup>4</sup>	\$6,878 <sup>5</sup>	Total is \$16,500 <sup>6</sup>

TABLE 9-1--OVERVIEW OF FEDERAL PROGRAMS THAT SUPPORT CHILD CARE-continued

	Dependent Care Credit	Child Care and Development Fund	Child and Adult Care Food Program	Title XX Social Services Block Grant	Head Start	TANF
Target population	Taxpayers who need dependent care in order to accept or maintain employment	Families with incomes at or below 85 percent of State median income, with parents engaged in work or education/training	Children, particularly children from low-income families, in child care centers, day care homes, and afterschool programs	State discretion	Low-income children and families	Needy families with minor children; needy pregnant women
Eligible children	Children under age 13	Children under age 13 (unless incapable of self-care or under court supervision)	Children younger than 13 (through age 18 in the afterschool programs); migrant children younger than 16; disabled children	State discretion	Children from poor families who have not reached the age of compulsory school attendance	Needy children as determined by the State
Provider requirements	Centers only must meet applicable State and local standards	Must meet applicable State and local standards (including relatives); with exception of relatives, must also meet certain health and safety standards	Must meet Federal nutrition standards; must meet applicable State/local licensing approval standards (or, certain alternate approval standards if licensing/approval not required)	Must meet applicable State and local standards	Must meet Federally established standards with respect to health, education, parental involvement, nutrition, and social services	NA (However, any transferred funds are subject to CCDBG rules)

TABLE 9-1--OVERVIEW OF FEDERAL PROGRAMS THAT SUPPORT CHILD CARE-continued

	Dependent Care Credit	Child Care and Development Fund	Child and Adult Care Food Program	Title XX Social Services Block Grant	Head Start	TANF
Reimbursement rates to providers	NA	No limit	Providers receive inflation-indexed per meal subsidies that are fixed by law and varied by children's family income; provider sponsors receive limited administrative payments for administrative costs	No limit	No limit	NA (However, any transferred funds are subject to CCDBG rules)

<sup>1</sup> Amounts reflect appropriation levels except where noted otherwise.

<sup>2</sup> Revenue loss for calendar year 2008. Analytical Perspectives, FY2009 Budget, Office of Management and Budget.

<sup>3</sup> FY2007 obligations (actual).

<sup>4</sup> In addition to amount shown, Public Law 110-329 provided \$600 million for expenses resulting from presidentially-declared disasters that occurred during 2008 and from Hurricanes Katrina and Rita. In 2006, States spent approximately \$220 million of SSBG funds on child day care services.

<sup>5</sup> Of the \$6.878 billion, \$1.389 billion will become available in fiscal year 2009. For fiscal year 2008, in addition to the amount shown, \$1.365 billion was included in the fiscal year 2007 appropriation as advance funds for fiscal year 2008.

<sup>6</sup> In fiscal year 2006, States spent \$1.2 billion in Federal TANF funds on child care within the TANF program. In addition, States transferred \$1.9 billion in Federal TANF funds to be spent for child care through the CCDF.

NA-Not applicable.

USDOT, IRS - U.S. Department of Treasury, Internal Revenue Service.

HHS, ACF - U.S. Department of Health and Human Services, Administration for Children and Families.

USDA, FNS - U.S. Department of Agriculture, Food and Nutrition Service.

Source: Table prepared by the Congressional Research Service.

**CHILD CARE AND DEVELOPMENT FUND**

## FINANCING

As discussed above, CCDF had its origins in the 1996 welfare reform law, which consolidated discretionary funding authorized under the Child Care and Development Block Grant (CCDBG) with mandatory child care funds. The CCDF was a term coined by HHS when implementing the law, to stress that States could operate a single child care subsidy program for low-income families, whether or not they received welfare. States are required to designate a lead agency to administer the consolidated program, and may use no more than 5 percent of their Federal child care allotments for administrative costs. Within HHS, the program is administered by the Administration for Children and Families.

*Funding Streams and Funding Levels*

The CCDF has four different funding streams. The first is a discretionary appropriation authorized under the CCDBG. The annual authorization level is \$1 billion, although Congress has typically appropriated more than that amount, including in the years since fiscal year 2002 when the authorization expired. Second, mandatory funds for child care are directly appropriated under section 418 of the Social Security Act. The original 1996 welfare reform law provided mandatory funding as follows: \$1.967 billion in fiscal year 1997; \$2.067 billion in fiscal year 1998; \$2.167 billion in fiscal year 1999; \$2.367 billion in fiscal year 2000; \$2.567 billion in fiscal year 2001; and \$2.717 billion in fiscal year 2002. Temporary measures were enacted (in lieu of a reauthorization bill) to extend funding in fiscal years 2003-2005 at the same annual level provided in fiscal year 2002 (\$2.717 billion). The DRA (Public Law 109-171) subsequently increased the mandatory appropriation to \$2.917 billion per year for fiscal years 2006 through 2010. The law requires States to transfer these funds to the lead agency administering the CCDBG and to spend the funds according to CCDBG rules. Third, States may supplement the Federal child care funds described above with transfers from their TANF block grant. TANF allows up to 30 percent of its Federal block grant to be transferred to the CCDF. And fourth, some of the mandatory funds require States to expend a certain amount of their own funds (referred to as maintenance-of-effort, (MOE)) and also to match Federal funds. Thus, the fourth CCDF funding stream is comprised of State monies.

Table 9-2 provides a funding history for each of the four funding streams of the CCDF. As described above and shown in the table, the 1996 welfare reform law provided yearly increases in mandatory child care funding from fiscal year 1997 through fiscal year 2002. Mandatory funds stayed flat from fiscal year 2002 through fiscal year 2005, as Congress enacted a series of temporary extensions while debating a long-term reauthorization of mandatory

child care funding and other programs (primarily TANF) created by the 1996 welfare reform law. Discretionary appropriations for child care under the CCDBG Act also peaked in fiscal year 2002 (\$2.1 billion), and have since declined slightly from that level. TANF transfers to CCDF peaked earlier (fiscal year 1999) and are now substantially below the level achieved in that year. As noted above, the DRA enacted in 2006 increased mandatory child care funding by \$200 million per year through fiscal year 2010.

TABLE 9-2--CHILD CARE AND DEVELOPMENT FUND, FUNDING HISTORY, Fiscal Year 1997 – Fiscal Year 2008  
[dollars in millions]

Fiscal Year	Discretionary <sup>1</sup> funds	Mandatory Funds	State Funds	TANF Transfers	Totals
1997	19 <sup>2</sup>	1,967	1,456	253	3,695
1998	1,002	2,067	1,540	787	5,396
1999	1,000	2,167	1,615	2,575	7,357
2000	1,183	2,367	1,763	2,413	7,726
2001	2,000	2,567	1,914	1,899	8,380
2002	2,100	2,717	2,033	1,926	8,776
2003	2,086	2,717	2,055	1,790	8,648
2004	2,087	2,717	2,038	1,856	8,698
2005	2,083	2,717	2,034	1,937	8,771
2006	2,062	2,917	2,181	1,877	9,037
2007	2,062	2,917	2,183	NA	NA
2008	2,062	2,917	2,176	NA	NA

Note: NA denotes that TANF transfers are not available for FY2007 and FY2008. Thus, total CCDF funding for FY2007 and FY2008 is not known.

<sup>1</sup>For FY1998 through FY2001, CCDBG discretionary appropriations were primarily advance-funded; that is, most funding for a fiscal year was derived from the previous years' appropriation. The table shows all available funds for the fiscal year, from prior year's and same year's appropriations.

<sup>2</sup>What appears to be limited discretionary funding for FY1997 reflects the shift to advance appropriating of funds that began in FY1997 for FY1998. The FY1997 appropriation provided \$956 for CCDBG, with only \$19 million during FY1997, and the remainder available on October 1, 1997 (first day of fiscal year 1998).

Both CCDF discretionary and mandatory funds are formula grants to the States. Discretionary funds are allocated according to the formula in the CCDBG Act, which is based on each State's share of children under age 5, the State's share of children receiving free or reduced-price lunches, and State per capita income. Half of 1 percent of appropriated funds is reserved for the territories, and between 1 and 2 percent is reserved for payments to Indian tribes and tribal organizations. States are not required to match these discretionary funds. Funds must be obligated in the year they are received or in the subsequent fiscal year, and the law authorizes the Secretary to reallocate unused funds.

For child care mandatory funds, the Secretary must reserve between 1 and 2 percent of funds for payments to Indian tribes and tribal organizations. After this amount is reserved, the remaining mandatory funds are allocated to States in two components. First, each State receives a fixed amount each year, equal to the funding received by the State under the three child care programs previously authorized under AFDC in fiscal year 1994 or fiscal year 1995, or the average of fiscal years 1992-94, whichever is greater. This amount, which totals approximately \$1.2 billion each year, is sometimes referred to as “guaranteed” funds. No State match is required for these funds, which may remain available for expenditure by States with no fiscal year limitation. Although no State match is required, to receive their full TANF allotment States must maintain at least 75 percent of their previous welfare expenditures (i.e., MOE), including previous expenditures for welfare-related child care, in fiscal year 1994.

After the guaranteed amount is distributed, the remaining mandatory funds are distributed to States according to each State's share of children under age 13. States must meet MOE and matching requirements to receive these funds. Specifically, States must spend all of their “guaranteed” Federal mandatory funds for child care, plus 100 percent of the amount they spent of their own funds in fiscal year 1994 or fiscal year 1995, whichever is higher, under the previous AFDC-related child care programs. Further, States must provide matching funds at the Medicaid matching rate (as it was in effect in 1995) to receive these additional mandatory funds for child care. If the Secretary determines that a State will not spend its entire allotment for a given fiscal year, then the unused amounts may be redistributed among other States according to those States' share of children under age 13.

States may use up to 5 percent of their Federal child care allotments for administrative costs and must spend no less than 4 percent of their allotments (discretionary and mandatory) for activities to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services). The balance of State funds is used to provide child care services to eligible families (described below).

Table 9-3 shows the allocations to the States for CCDF discretionary, guaranteed, and matching mandatory child care funds for fiscal year 2008. These allocations include re-allotments of unused funds from prior fiscal years.

TABLE 9-3--CHILD CARE AND DEVELOPMENT FUND STATE ALLOCATIONS—FISCAL YEAR 2008  
[in millions of dollars]

State	Federal Mandatory Funds				Minimum State Funds to Receive Maximum Federal Matching Funds
	Discretionary funds	"Guaranteed" funds	Maximum Matching Funds	Total Mandatory Funds	
Alabama	\$39.9	\$16.4	\$25.2	\$41.6	\$18.9
Alaska	4.1	3.5	4.0	7.6	7.2
Arizona	51.6	19.8	37.9	57.7	29.4
Arkansas	25.6	5.3	15.7	21.0	7.7
California	229.3	85.6	217.4	303.0	303.0
Colorado	23.9	10.2	27.0	37.2	36.0
Connecticut	13.7	18.7	18.1	36.9	36.9
Delaware	4.6	5.2	4.6	9.8	9.8
D.C.	2.9	4.6	2.6	7.2	7.2
Florida	112.3	43.0	91.0	134.0	102.5
Georgia	80.3	36.5	56.4	92.9	55.2
Hawaii	7.3	5.0	6.8	11.8	10.2
Idaho	12.0	2.9	9.0	11.9	5.1
Illinois	75.2	56.9	73.4	130.3	130.3
Indiana	42.0	26.2	35.9	62.0	36.7
Iowa	18.3	8.5	16.0	24.5	15.0
Kansas	18.8	9.8	15.9	25.7	17.5
Kentucky	35.7	16.7	22.7	39.4	17.1
Louisiana	42.6	13.9	24.7	38.6	14.6
Maine	6.8	3.0	6.1	9.1	5.3
Maryland	24.8	23.3	30.5	53.8	53.8
Massachusetts	25.1	45.0	32.6	77.5	

TABLE 9-3--CHILD CARE AND DEVELOPMENT FUND STATE ALLOCATIONS—FISCAL YEAR 2008 -  
continued  
[in millions of dollars]

State	Discretionary funds	Federal Mandatory Funds			Minimum State Funds to Receive Maximum Federal Matching Funds
		"Guaranteed" funds	Maximum Matching Funds	Total Mandatory Funds	
Michigan	57.2	32.1	55.1	87.2	64.2
Mississippi	32.4	6.3	17.2	23.5	7.1
Missouri	39.0	24.7	31.9	56.6	35.8
Montana	5.9	3.2	4.8	8.0	3.5
Nebraska	11.7	10.6	10.2	20.7	13.8
Nevada	14.8	2.6	14.7	17.3	15.8
New Hampshire	4.7	4.6	6.5	11.1	11.1
New Jersey	35.2	26.4	47.2	73.5	73.5
New Mexico	18.5	8.3	11.5	19.9	7.6
New York	104.0	102.0	101.5	203.5	203.5
North Carolina	67.5	69.6	49.4	119.0	65.7
North Dakota	3.8	2.5	3.2	5.7	2.9
Ohio	67.7	70.1	62.2	132.4	85.5
Oklahoma	31.7	24.9	20.5	45.4	20.7
Oregon	22.6	19.4	19.3	38.7	24.1
Pennsylvania	62.0	55.3	61.9	117.2	99.2
Puerto Rico	33.3	0.0	0.0	0.0	0.0
Rhode Island	5.4	6.6	5.3	11.9	10.1
South Carolina	36.8	9.9	23.4	33.2	14.2
South Dakota	5.5	1.7	4.4	6.1	3.7
Tennessee	45.7	37.7	32.8	70.5	37.6

TABLE 9-3--CHILD CARE AND DEVELOPMENT FUND STATE ALLOCATIONS—FISCAL YEAR 2008 -  
continued  
[in millions of dollars]

State	Discretionary funds	Federal Mandatory Funds			Minimum State Funds to Receive Maximum Federal Matching Funds
		“Guaranteed” funds	Maximum Matching Funds	Total Mandatory Funds	
Texas	221.9	59.8	151.2	211.0	133.1
Utah	22.9	12.6	18.8	31.4	11.9
Vermont	2.9	3.9	2.9	6.8	4.7
Virginia	38.8	21.3	41.1	62.5	62.5
West Virginia	13.6	8.7	8.7	17.4	6.0
Wisconsin	30.0	24.5	29.2	53.8	38.0
Wyoming	2.8	2.8	2.7	5.5	4.3
Sub-Total States	1,994.8	1,177.5	1,674.0	2,851.5	2,176.0
Territories	10.3			0.0	
Tribes	41.2	58.3	0	58.3	
Other federal activities	15.8	3.8	3.5	7.3	
Totals	2,062.1	1,239.7	1,677.5	2,917.1	2,176.0

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Note: Amounts shown include reallocations of unused funds.  
Source: CRS based on data from the U.S. Department of Health of Human Services (HHS).

In addition to amounts provided to States specifically for child care, States may transfer up to 30 percent of their TANF block grant into their CCDBG or SSBG programs (transfers to SSBG alone may not exceed 10 percent of a State's TANF grant in fiscal year 2008). Funds transferred from TANF into child care must be spent according to the CCDBG rules. States also may use TANF funds for child care without formally transferring them to the CCDBG (see Green Book Section 7).

*Expenditures*

Table 9-4 shows CCDF expenditures for fiscal years 1997 through 2006. The bottom panel of the table shows these expenditures in constant (inflation-adjusted) 2006 dollars. Reflecting the increases in funding from fiscal year 1997 through fiscal year 2002, State child care expenditures also increased. Child care expenditures (in both nominal and constant dollars) peaked in fiscal year 2003. In nominal terms, child care expenditures have held fairly steady since then. However, the bottom panel of the table shows how inflation has taken its toll on the real value of child care spending. In fiscal year 2006, total CCDF expenditures were 10 percent below their peak 2003 value in inflation-adjusted terms.

TABLE 9-4—CCDF EXPENDITURES – FISCAL YEAR 1997-FISCAL YEAR 2006  
[dollars in millions]

Fiscal Year	CCDF Discretionary	CCDF Guaranteed	CCDF Federal Share Match	CCDF MOE	CCDF State Share Match	Total CCDF
<i>In Nominal Dollars</i>						
1997	\$1,009.5	\$985.9	\$551.9	\$945.1	\$416.4	\$3,908.8
1998	1,485.5	1,168.9	866.8	1,031.5	715.3	5,268.0
1999	2,583.3	1,165.1	881.6	1,017.9	635.6	6,283.5
2000	3,064.2	1,126.9	1,094.8	1,048.6	886.7	7,221.2
2001	3,528.4	1,221.2	1,121.9	1,102.8	937.0	7,911.3
2002	3,894.3	1,066.5	1,422.0	1,016.6	1,189.2	8,588.6
2003	4,420.2	1,286.6	1,540.0	976.3	1,244.7	9,467.8
2004	4,133.4	1,247.7	1,483.3	945.5	1,570.3	9,380.2
2005	4,242.1	1,253.0	1,523.8	928.4	1,433.2	9,380.5
2006	3,948.8	1,173.4	1,721.7	967.3	1,513.2	9,324.4
<i>In Constant 2006 Dollars</i>						
1997	1,267.7	1,238.0	693.0	1,186.8	522.9	4,908.4
1998	1,835.4	1,444.2	1,071.0	1,274.5	883.8	6,508.9
1999	3,131.7	1,412.4	1,068.8	1,234.0	770.5	7,617.4
2000	3,600.3	1,324.1	1,286.3	1,232.1	1,041.8	8,484.6
2001	4,016.3	1,390.1	1,277.0	1,255.3	1,066.6	9,005.4
2002	4,367.4	1,196.1	1,594.7	1,140.1	1,333.7	9,632.0
2003	4,843.5	1,409.8	1,687.5	1,069.8	1,363.9	10,374.4

TABLE 9-4--CCDF EXPENDITURES – FISCAL YEAR 1997-FISCAL YEAR 2006 –  
continued  
[dollars in millions]

Fiscal Year	CCDF Discretionary	CCDF Guaranteed	CCDF Federal Share Match	CCDF MOE	CCDF State Share Match	Total CCDF
2004	4,426.5	1,336.2	1,588.5	1,012.5	1,681.6	10,045.3
2005	4,398.3	1,299.1	1,579.9	962.6	1,486.0	9,725.9
2006	3,948.8	1,173.4	1,721.7	967.3	1,513.2	9,324.4
Constant Dollar Percent Change: FY1997 to FY2006 (%)	211.5	-5.2	148.4	-18.5	189.4	90.0
Constant Dollar Percent Change: FY2003 to FY2006 (%)	-18.5	-16.8	2.0	-9.6	10.9	-10.1

Source: CRS based on data from HHS. Constant dollars were computed using the CPI-U.

## ELIGIBILITY AND TARGET POPULATION GROUPS

To be eligible for CCDF funds, children must be less than 13 years old and be living with parents who are working or enrolled in school or training, or be in need of protective services. Additionally, children must be in families whose income does not exceed 85 percent of the State median. States may adopt income eligibility limits below those in Federal law. Because child care funding is not an entitlement for individuals, States are not required to aid families even if their incomes fall below the State-determined eligibility threshold. Federal law does require States to give priority to families defined in their plans as “very low income.” Table 9-5 provides the CCDF income eligibility limits across the States for families of three. States must use at least 70 percent of their total mandatory funds for child care services for families trying to become independent of TANF through work activities and families at risk of becoming dependent on public assistance. In their State plans, States must explain how they will meet the specific child care needs of these families. Of remaining child care funds (including discretionary amounts), States must ensure that a substantial portion is used for child care services to eligible families other than welfare recipients or families at risk of welfare dependency.

TABLE 9-5--CCDF ELIGIBILITY LIMITS FOR FAMILY OF THREE  
[monthly income]

State/territory	85% of State median income (SMI) for family of three	Actual CCDF general income eligibility limit	Actual CCDF limit as a percent of SMI	SMI Year Used
Alabama	\$3,195.00	\$1,860.00	49%	2008
Alaska	\$4,263.00	\$3,853.00	77%	2002
Arizona	\$3,637.00	\$2,362.00	55%	2008
Arkansas	\$2,877.04	\$2,877.04	85%	2006
California	\$4,112.00	\$3,628.00	75%	2005
Colorado	\$4,183.00	\$3,250.00	66%	2008
Connecticut	\$5,486.00	\$3,227.00	50%	2008
Delaware	\$4,539.00	\$2,862.00	54%	2008
District of Columbia	\$3,336.00	\$3,352.00	85%	2006
Florida	\$3,705.00	\$2,146.00	34%	2008
Georgia	\$3,597.00	\$2,213.00	52%	2007
Hawaii <sup>2</sup>	\$3,927.00	\$3,927.00	85%	2004
Idaho	\$3,122.00	\$1,706.00	46%	1998
Illinois	\$4,306.00	\$2,647.00	52%	2008
Indiana	\$3,842.00	\$1,817.00	40%	2008
Iowa	\$3,902.00	\$2,075.00	45%	2008
Kansas	\$3,863.00	\$2,647.00	58%	2008
Kentucky	\$3,424.00	\$2,145.00	53%	2007
Louisiana	\$3,006.00	\$2,653.00	75%	2006

TABLE 9-5--CCDF ELIGIBILITY LIMITS FOR FAMILY OF THREE –  
continued  
[monthly income]

State/territory	85% of State median income (SMI) for family of three	Actual CCDF general income eligibility limit	Actual CCDF limit as a percent of SMI	SMI Year Used
Maine	\$3,855.96	\$3,402.32	75%	2008
Maryland	\$4,249.00	\$2,499.00	50%	2001
Massachusetts	\$5,083.00	\$2,990.00	50%	2008
Michigan	\$4,257.00	\$1,990.00	40%	2008
Minnesota	Not Available	\$3,577.00	46%	2008
Mississippi	\$2,917.00	\$2,917.00	85%	2004
Missouri	\$3,799.00	\$1,836.00	41%	2008
Montana	\$3,311.00	\$2,146.00	55%	2008
Nebraska	\$3,833.00	\$1,717.00	38%	2007
Nevada	\$3,675.00	\$3,243.00	75%	2008
New Hampshire	\$5,000.00	\$2,719.00	46%	2006
New Jersey	\$5,370.00	\$2,862.00	45%	2008
New Mexico	\$2,970.75	\$2,360.88	68%	2007
New York	\$4,037.00	\$2,862.00	60%	2007
North Carolina	\$3,465.00	\$3,057.00	75%	2005
North Dakota	\$3,567.00	\$2,463.00	59%	2008
Ohio	\$3,971.00	\$2,647.00	57%	2008
Oklahoma	\$3,162.00	\$2,925.00	79%	2008
Oregon	\$3,644.00	\$2,648.00	62%	2007
Pennsylvania	\$4,100.32	\$2,862.00	59%	2007
Rhode Island	\$4,659.00	\$2,576.00	47%	2008
South Carolina	\$3,447.00	\$2,146.00	53%	2008
South Dakota	\$3,687.00	\$2,862.00	66%	2007
Tennessee	\$3,297.00	\$2,327.00	60%	2005
Texas <sup>1</sup>	\$3,422.00	\$2,146.00	53%	2008
Utah	\$3,451.00	\$2,479.00	61%	2008
Vermont	\$2,664.00	\$2,586.00	83%	1999
Virginia <sup>1</sup>	\$4,607.00	\$3,578.00	66%	2008
Washington	\$4,290.00	\$2,862.00	57%	2008
West Virginia	\$3,111.00	\$2,012.00	55%	2008
Wisconsin	\$4,228.00	\$2,647.00	53%	2008
Wyoming	\$3,745.00	\$2,862.00	65%	2008

<sup>1</sup> Income eligibility limits vary by county. Texas income limits represent limits for Gulf Coast Workforce Board; Virginia income limits represent those for Fairfax County.

Note: For illustration, the maximum income eligibility limits are shown.

Source: CRS based on data from HHS.

## SIZE AND CHARACTERISTICS OF THE CASELOAD

As previously discussed, after child care expenditures increased each year from fiscal year 1997 through fiscal year 2003, the growth in spending ceased and spending declined in inflation-adjusted terms. These trends are also reflected in the estimated number of families served and children subsidized

under CCDF. Table 9-6 shows the average monthly number of families and children served under CCDF for fiscal years 1998 through 2007. As shown on the table, the average monthly number of families and children served under CCDF peaked in fiscal year 2001 -- two years before the peak in expenditures. In fiscal year 2001, the number of families served was 1,069,600. This number fell in subsequent years, but fiscal year 2006 (the last year for which final data are available) saw a bump-up to 1,025,400 families served. The fiscal year 2007 number of 992,400 families served by CCDF is a preliminary estimate, subject to revision.

TABLE 9-6--ESTIMATED AVERAGE MONTHLY NUMBER OF FAMILIES AND CHILDREN SERVED BY CCDF—FISCAL YEAR 1998-FISCAL YEAR 2007

Fiscal Year	Estimated Average Monthly Number of Families Served	Estimated Average Monthly Number of Children Served
1998	907,300	1,514,700
1999	974,600	1,653,500
2000	1,040,600	1,747,800
2001	1,069,600	1,813,800
2002	1,026,200	1,743,100
2003	1,023,500	1,751,300
2004	1,004,400	1,738,400
2005	1,007,000	1,746,100
2006	1,025,400	1,770,100
2007 (preliminary)	992,400	1,705,200

Source: CRS based on data from HHS.

Table 9-7 provides CCDF caseload information by State for fiscal year 2006, which is the last year for which final data related to the CCDF caseload are available as of this writing (March 2009).

TABLE 9-7--ESTIMATED MONTHLY AVERAGE NUMBER OF  
FAMILIES AND CHILDREN RECEIVING CCDF SUBSIDIES – FISCAL  
YEAR 2006

State	Families	Children
Alabama	14,700	28,000
Alaska	2,900	4,900
American Samoa	-	-
Arizona	18,100	30,200
Arkansas	3,900	5,600
California	111,500	175,500
Colorado	8,900	16,300
Connecticut	6,300	10,100
Delaware	4,600	7,500
District of Columbia	2,600	3,700
Florida	67,900	108,600
Georgia	35,600	64,600
Guam	300	600
Hawaii	5,600	8,600
Idaho	5,400	9,900
Illinois	44,500	82,200
Indiana	17,300	32,800
Iowa	11,100	19,400
Kansas	12,000	22,400
Kentucky	16,200	28,900
Louisiana	23,200	39,100
Maine	3,700	5,400
Maryland	13,500	22,900
Massachusetts	23,900	32,100
Michigan	45,000	87,800
Minnesota	15,100	27,300
Mississippi	19,500	39,100
Missouri	19,200	33,600
Montana	2,900	4,800
Nebraska	7,400	13,100
Nevada	3,600	6,000
New Hampshire	5,100	7,500
New Jersey	26,000	37,900

TABLE 9-7--ESTIMATED MONTHLY AVERAGE NUMBER OF  
FAMILIES AND CHILDREN RECEIVING CCDF SUBSIDIES – FISCAL  
YEAR 2006 - continued

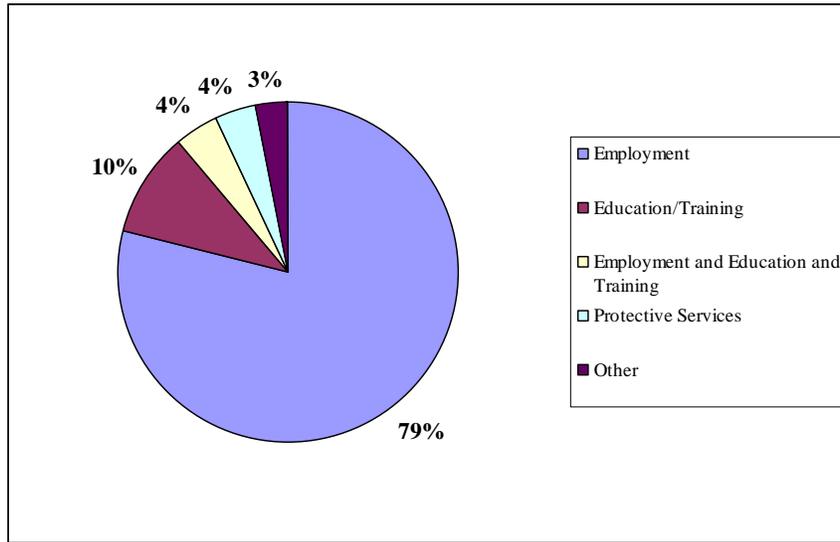
State	Families	Children
New Mexico	12,700	21,600
New York	73,200	123,700
North Carolina	39,300	79,900
North Dakota	2,500	4,000
Northern Mariana Islands	200	400
Ohio	28,800	39,900
Oklahoma	14,600	25,000
Oregon	11,000	20,200
Pennsylvania	47,300	82,800
Puerto Rico	7,800	10,700
Rhode Island	4,400	7,100
South Carolina	11,300	19,700
South Dakota	3,100	4,900
Tennessee	22,200	42,500
Texas	68,200	126,200
Utah	7,000	13,000
Vermont	4,700	6,800
Virgin Islands	400	700
Virginia	17,200	27,900
Washington	32,700	53,200
West Virginia	5,600	9,300
Wisconsin	16,800	29,500
Wyoming	2,900	4,700
Total	1,031,400	1,770,100

Source: CRS based on data from HHS.

#### *Reason for Care*

Employment is the primary reason that families receive child care subsidies. Chart 9-2 shows the composition of CCDF families by the reason they are eligible. In fiscal year 2006, 79 percent of families were reported as eligible for CCDF based on employment alone and an additional 4 percent were eligible because of a combination of employment and education or training. In that year, 10 percent of families were eligible because of education and training alone and 4 percent were eligible because the children received protective services.

CHART 9-2--CCDF FAMILIES BY REASON FOR ELIGIBILITY FOR SERVICES—FY2006



Source: CRS based on data from HHS.

*TANF Recipients*

CCDF allows States to operate a unified State child care program for both TANF cash welfare and other low-income families. Nationally, TANF cash welfare families account for fewer than one in five of all families served by CCDF (17.9 percent). However, this varies considerably by State. Table 9-8 shows the percent of CCDF families with TANF income by State, ranked by those with the highest percentage of such families (Tennessee at 63.3 percent) to those with the lowest (Wyoming at 0.3%). The territories (which are not eligible for child care mandatory funds) report no CCDF families with TANF income. (Note that American Samoa and the Northern Mariana Islands do not have TANF programs.)

TABLE 9-8--PERCENT OF CCDF FAMILIES WITH INCOME FROM TANF—FY2006

State	Percent of Families with TANF Income
Tennessee	63.3
Michigan	51.1
New York	47.2
Connecticut	42.7
Minnesota	41.0
Iowa	32.3
Oregon	30.0

TABLE 9-8--PERCENT OF CCDF FAMILIES WITH INCOME FROM  
TANF—FY2006 – continued

State	Percent of Families with TANF Income
Virginia	29.0
South Carolina	28.5
Nebraska	27.6
New Hampshire	27.6
Indiana	27.5
North Dakota	21.5
Arizona	20.9
Washington	18.9
Missouri	18.5
Nevada	18.4
Massachusetts	17.8
New Mexico	17.3
Vermont	17.1
Ohio	16.4
Utah	15.8
Hawaii	15.5
Montana	15.2
Alaska	15.1
Mississippi	14.7
Maryland	14.7
District of Columbia	13.8
Alabama	13.3
New Jersey	13.1
California	12.3
Delaware	12.0
Colorado	11.5
Oklahoma	11.0
Louisiana	10.0
Pennsylvania	9.4
Rhode Island	8.6
Kansas	8.4
Georgia	8.3
West Virginia	7.4
Florida	7.3
South Dakota	7.0
Illinois	6.4
North Carolina	6.3
Wisconsin	4.9
Arkansas	4.0
Maine	3.5
Virgin Islands	2.0
Idaho	1.9
Texas	1.4
Kentucky	0.9
Wyoming	0.3
Guam	0.3
Puerto Rico	0.0

TABLE 9-8--PERCENT OF CCDF FAMILIES WITH INCOME FROM  
TANF—FY2006 – continued

State	Percent of Families with TANF Income
Northern Mariana Islands	0.0
National average	17.9

Source: CRS based on data from HHS.

Looking specifically at large States (see Table 9-9, which ranks states by overall CCDF family caseload), New York has the second highest CCDF family caseload among all States and almost half of its CCDF families had TANF cash income. In contrast, California has the highest CCDF family caseload among all States but only 12.3 percent of its CCDF families had TANF income. In Texas, with the third highest CCDF family caseload, only 1.4 percent of CCDF families received TANF in fiscal year 2006.

TABLE 9-9--STATES RANKED BASED ON AVERAGE MONTHLY  
NUMBER OF FAMILIES RECEIVING CCDF SUBSIDIES– FISCAL  
YEAR 2006

State	Average Monthly Number of Families
California	111,500
New York	73,200
Texas	68,200
Florida	67,900
Pennsylvania	47,300
Michigan	45,000
Illinois	44,500
North Carolina	39,300
Georgia	35,600
Washington	32,700
Ohio	28,800
New Jersey	26,000
Massachusetts	23,900
Louisiana	23,200
Tennessee	22,200
Mississippi	19,500
Missouri	19,200
Arizona	18,100
Indiana	17,300
Virginia	17,200
Wisconsin	16,800
Kentucky	16,200
Minnesota	15,100
Alabama	14,700
Oklahoma	14,600
Maryland	13,500
New Mexico	12,700

TABLE 9-9--STATES RANKED BASED ON AVERAGE MONTHLY  
NUMBER OF FAMILIES RECEIVING CCDF SUBSIDIES-- FISCAL  
YEAR 2006 – continued

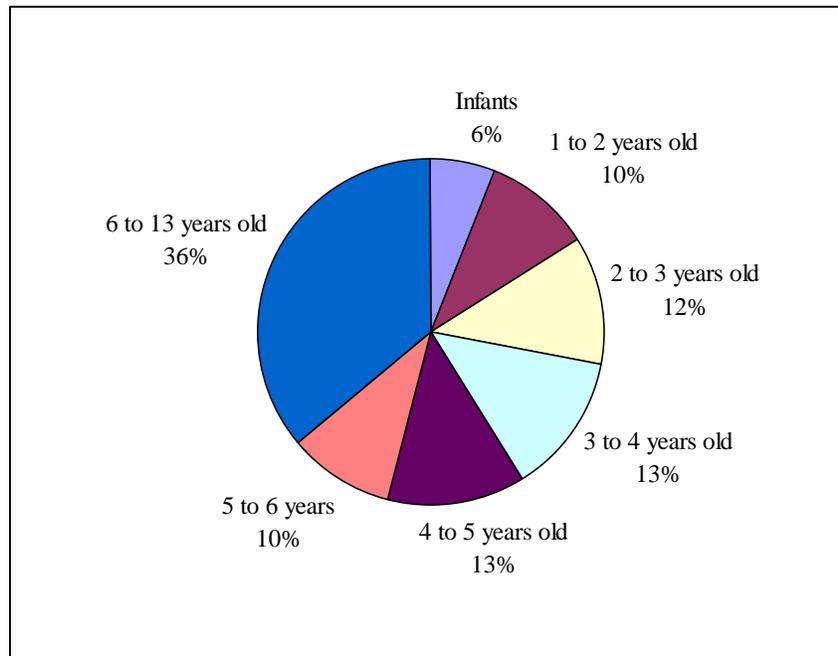
State	Average Monthly Number of Families
Kansas	12,000
South Carolina	11,300
Iowa	11,100
Oregon	11,000
Colorado	8,900
Puerto Rico	7,800
Nebraska	7,400
Utah	7,000
Connecticut	6,300
Hawaii	5,600
West Virginia	5,600
Idaho	5,400
New Hampshire	5,100
Vermont	4,700
Delaware	4,600
Rhode Island	4,400
Arkansas	3,900
Maine	3,700
Nevada	3,600
South Dakota	3,100
Alaska	2,900
Montana	2,900
Wyoming	2,900
District of Columbia	2,600
North Dakota	2,500
Virgin Islands	400
Guam	300
Northern Mariana Islands	200
American Samoa	-
Total Average Monthly Number of Families Served	1,031,400

Source: CRS based on data from HHS.

#### *Age of Child*

Almost two-thirds of all children in care subsidized by CCDF were of preschool age in fiscal year 2006, while 36 percent of all children served were of school age. Chart 9-3 shows children in care subsidized by CCDF by the age of the child. Note that children age 13 and above (in need of protective services) accounted for less than 0.05 percent of all children served by CCDF.

CHART 9-3--CHILDREN SERVED BY CCDF BY AGE OF THE CHILD



Source: CRS based on data from HHS.

#### *Race and Ethnicity*

Minority children are disproportionately represented among children served by CCDF. In fiscal year 2006, African-American and white children each represented 44 percent of all children served by CCDF. Note that these racial breakdowns include Latinos (that is, Latino children are included among both the African-American and white children). Latinos (of any race) represented 19 percent of children served by CCDF in fiscal year 2006.

Table 9-10 provides a State-by-State breakdown of the racial composition of children served by CCDF, as well as the percent of CCDF children who are Latino. The racial and ethnic composition of children served by CCDF varies considerably by State, at least partially reflecting the variation in racial and ethnic make-up of the States' overall populations.

TABLE 9-10-CHILDREN SERVED BY CCDF-BY RACE AND LATINO ETHNICITY, FY2006

State	White	African-American	Asian	Native American/American Indian/Native Hawaiian/Pacific Islander	Multi-Racial	Invalid/Not Reported	Total	Latino
Alabama	22.9	76.3	0.2	0.1	0.5	0.0	100.0	0.9
Alaska	46.7	10.4	4.8	15.9	14.2	8.0	100.0	8.8
American Samoa	NA	NA	NA	NA	NA	NA	NA	NA
Arizona	77.5	13.6	0.4	5.5	3.0	0.0	100.0	47.3
Arkansas	38.0	61.2	0.1	0.6	0.1	0.0	100.0	0.0
California	65.2	23.5	5.9	3.2	2.2	0.0	100.0	50.4
Colorado	34.3	13.4	0.5	0.9	2.5	48.5	100.0	32.4
Connecticut	25.5	35.5	0.4	0.7	5.5	32.4	100.0	35.8
Delaware	33.2	65.9	0.3	0.2	0.5	0.0	100.0	9.0
District of Columbia	7.2	89.8	0.3	0.9	0.1	1.7	100.0	9.5
Florida	47.0	50.0	0.3	0.4	2.3	0.0	100.0	22.8
Georgia	18.7	77.8	0.2	0.3	1.7	1.3	100.0	2.2
Guam	0.7	0.2	6.5	83.8	8.8	0.0	100.0	0.5
Hawaii	11.8	1.4	34.0	34.7	18.1	0.0	100.0	5.1
Idaho	95.9	1.1	0.2	1.4	1.4	0.0	100.0	15.2
Illinois	18.5	63.6	0.5	1.0	1.7	14.7	100.0	13.5
Indiana	39.4	52.7	0.1	0.6	7.2	0.0	100.0	6.3
Iowa	79.5	19.7	0.5	0.4	0.0	0.0	100.0	5.8
Kansas	63.9	27.1	0.5	1.6	2.1	5.0	100.0	11.5
Kentucky	60.2	31.3	0.1	0.1	0.0	8.2	100.0	3.0
Louisiana	22.0	76.7	0.2	0.2	0.8	0.1	100.0	1.5
Maine	81.2	2.8	0.7	1.2	5.1	8.9	100.0	2.6
Maryland	15.9	80.0	0.4	0.3	1.6	1.8	100.0	2.6
Massachusetts	24.5	19.6	1.6	0.3	0.9	53.1	100.0	31.5

TABLE 9-10—CHILDREN SERVED BY CCDF—BY RACE AND LATINO ETHNICITY, FY2006 – continued

State	White	African-American	Asian	Native American/American Indian/Native Hawaiian/Pacific Islander	Multi-Racial	Invalid/Not Reported	Total	Latino
Michigan	40.2	57.6	0.2	0.5	1.6	0.0	100.0	4.4
Minnesota	54.9	34.1	6.3	2.8	1.9	0.0	100.0	3.4
Mississippi	11.2	86.9	0.1	0.1	1.7	0.0	100.0	0.7
Missouri	39.9	56.5	0.2	0.3	0.7	2.5	100.0	2.9
Montana	81.6	1.9	0.3	12.3	3.7	0.2	100.0	6.7
Nebraska	70.0	25.1	0.4	3.4	1.0	0.0	100.0	10.2
Nevada	56.4	31.2	1.1	3.3	8.0	0.0	100.0	28.6
New Hampshire	22.2	1.6	0.1	0.1	0.6	75.5	100.0	1.7
New Jersey	22.1	56.4	1.2	13.8	1.5	5.0	100.0	28.2
New Mexico	85.4	4.2	0.4	6.3	3.5	0.3	100.0	74.4
New York	39.4	53.6	1.6	1.9	3.5	0.0	100.0	25.7
North Carolina	35.8	61.1	0.3	2.3	0.5	0.0	100.0	5.1
North Dakota	69.4	3.1	0.2	24.1	3.3	0.0	100.0	3.1
Northern Marianas	0.0	0.0	0.0	99.2	0.8	0.0	100.0	0.0
Ohio	43.4	54.4	0.3	0.3	1.5	0.1	100.0	3.9
Oklahoma	57.5	33.6	0.5	8.1	0.3	0.0	100.0	7.8
Oregon	84.8	10.0	1.8	2.1	1.2	0.0	100.0	20.4
Pennsylvania	56.2	39.8	0.8	0.2	2.2	0.8	100.0	9.7
Puerto Rico	41.1	0.0	0.0	0.0	0.0	58.9	100.0	99.9
Rhode Island	19.2	8.2	0.4	0.1	0.3	71.7	100.0	21.8
South Carolina	24.3	75.5	0.0	0.3	0.0	0.0	100.0	NA
South Dakota	71.0	4.1	0.4	19.5	5.0	0.0	100.0	3.0
Tennessee	27.0	72.4	0.3	0.3	0.0	0.0	100.0	1.0
Texas	42.9	35.6	0.2	0.3	0.7	20.4	100.0	43.8
Utah	89.7	4.9	1.6	3.6	0.3	0.0	100.0	14.9

TABLE 9-10—CHILDREN SERVED BY CCDF—BY RACE AND LATINO ETHNICITY, FY2006 – continued

State	White	African-American	Asian	Native American/American Indian/Native Hawaiian/Pacific Islander	Multi-Racial	Invalid/Not Reported	Total	Latino
Vermont	94.3	2.3	0.7	0.3	2.3	0.0	100.0	1.7
Virgin Islands	0.3	92.6	0.3	6.7	0.0	0.2	100.2	9.2
Virginia	26.2	65.0	1.2	6.3	1.3	0.0	100.0	8.5
Washington	42.1	9.2	1.7	2.2	0.0	44.7	100.0	14.5
West Virginia	75.6	12.2	0.2	0.2	9.9	1.9	100.0	2.0
Wisconsin	43.0	41.2	1.7	2.0	2.9	9.3	100.0	7.9
Wyoming	80.8	3.6	0.2	3.0	0.0	12.4	100.0	12.2
National	43.6	44.4	1.4	2.1	1.9	6.7	100.0	19.2

Note: NA denotes not available.

Source: CRS base on data from HHS.

## CCDF CHILD CARE SETTINGS AND COSTS

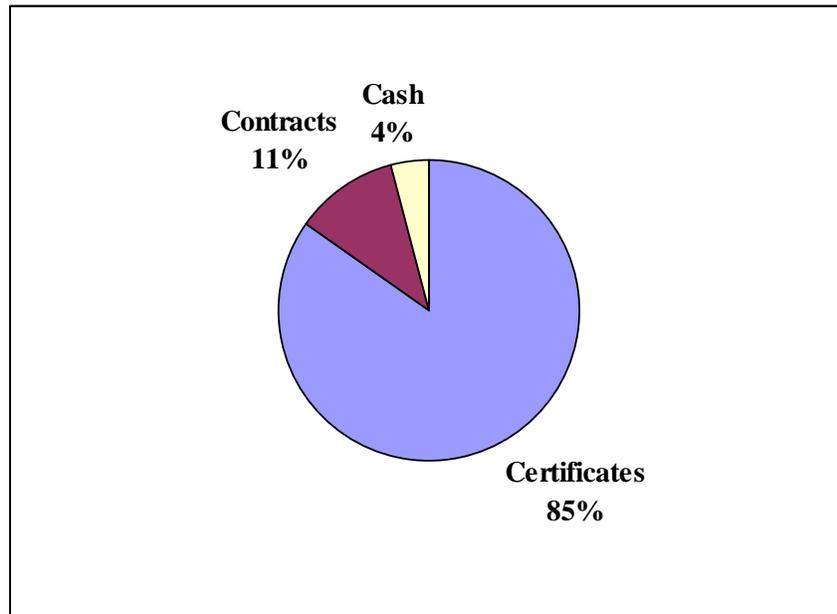
Parents of children eligible to receive subsidized child care must be given maximum choice in selecting a child care provider. Parents must be offered the option to enroll their child with a provider that has a grant or contract with the State to provide such services, or parents may receive a certificate (also sometimes referred to as a voucher) that can be used to purchase child care from a provider of the parent's choice. Under limited circumstances, "certificates" can also be provided in the form of cash. Child care certificates can be used only to pay for child care services from eligible providers, which can include sectarian child care providers. Eligible providers also can include individuals age 18 or older who provide child care for their grandchildren, great grandchildren, nieces or nephews, or siblings (if the provider lives in a separate residence).

The CCDBG contains specific requirements with regard to the use of funds for religious activities. Under the program, a provider that receives operating assistance through a direct grant or contract with a government agency may not use these funds for any sectarian purpose or activity, including religious worship and instruction. However, a sectarian provider that receives a child care certificate from an eligible parent is not so restricted in the use of funds.

*Payment Methods*

Chart 9-4 shows the percent of CCDF recipient children served by each form of payment type, in fiscal year 2006. Certificates were overwhelmingly the form of payment most used, serving 85 percent of CCDF children nationally.

CHART 9-4--CCDF CHILDREN SERVED BY PAYMENT METHOD  
—FY2006



Source: CRS, based on data from HHS.

Though certificates are the dominant payment method nationally, there is considerable variation by State in how CCDF payments are made. Table 9-11 shows children served in CCDF by the payment method used to subsidize their care, by State. In fiscal year 2006, 29 States reported that all CCDF payments were made via certificates. However, four jurisdictions (Hawaii, the Northern Marianas, Utah, and Virginia) did not use certificates at all. Hawaii opted for a combination of contract child care and cash reimbursements, while Utah, Virginia, and the Northern Marianas all provided cash reimbursement.

TABLE 9-11. CHILDREN SERVED BY CCDF BY PAYMENT  
METHOD – FY2006

State	Certificates	Contracts	Cash
Alabama	100.0	0.0	0.0
Alaska	85.1	0.0	14.9
American Samoa	NA	NA	NA
Arizona	100.0	0.0	0.0

TABLE 9-11--CHILDREN SERVED BY CCDF BY PAYMENT  
METHOD – FY2006 – continued

State	Certificates	Contracts	Cash
Arkansas	59.3	40.7	0.0
California	62.8	37.2	0.0
Colorado	96.0	1.4	2.6
Connecticut	59.7	40.3	0.0
Delaware	100.0	0.0	0.0
District of Columbia	100.0	0.0	0.0
Florida	49.0	51.0	0.0
Georgia	100.0	0.0	0.0
Guam	61.9	38.1	0.0
Hawaii	0.0	46.0	54.0
Idaho	100.0	0.0	0.0
Illinois	92.7	7.3	0.0
Indiana	96.9	3.1	0.0
Iowa	100.0	0.0	0.0
Kansas	100.0	0.0	0.0
Kentucky	100.0	0.0	0.0
Louisiana	100.0	0.0	0.0
Maine	68.9	29.4	1.7
Maryland	100.0	0.0	0.0
Massachusetts	55.5	44.5	0.0
Michigan	70.6	0.0	29.4
Minnesota	100.0	0.0	0.0
Mississippi	96.5	3.5	0.0
Missouri	100.0	0.0	0.0
Montana	100.0	0.0	0.0
Nebraska	100.0	0.0	0.0
Nevada	79.5	20.5	0.0
New Hampshire	100.0	0.0	0.0
New Jersey	80.6	19.4	0.0
New Mexico	100.0	0.0	0.0
New York	80.8	19.3	0.0
North Carolina	100.0	0.0	0.0
North Dakota	100.0	0.0	0.0

TABLE 9-11--CHILDREN SERVED BY CCDF BY PAYMENT  
METHOD – FY2006 – continued

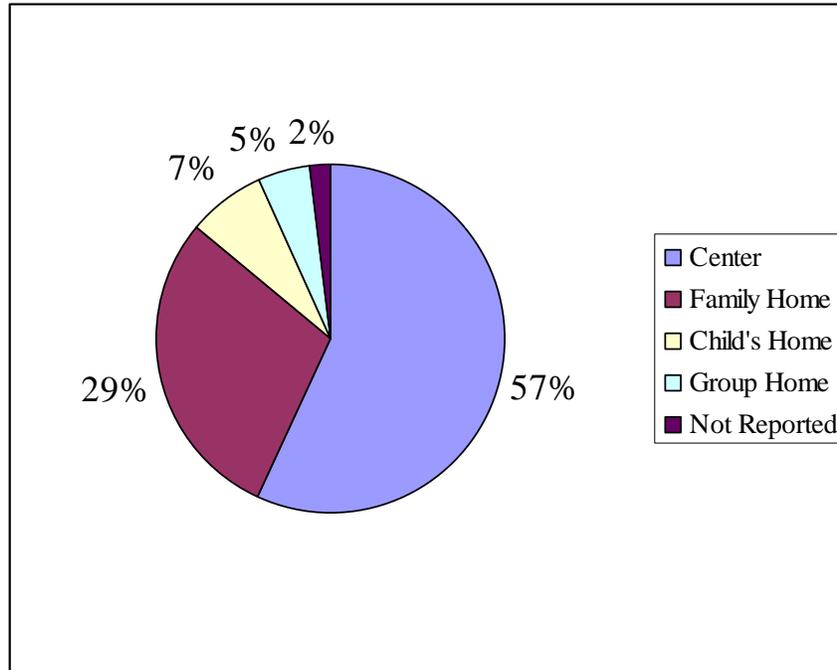
State	Certificates	Contracts	Cash
Northern Mariana Islands	0.0	0.0	100.0
Ohio	100.0	0.0	0.0
Oklahoma	100.0	0.0	0.0
Oregon	96.6	3.4	0.0
Pennsylvania	77.5	0.0	22.5
Puerto Rico	29.3	70.7	0.0
Rhode Island	100.0	0.0	0.0
South Carolina	100.0	0.0	0.0
South Dakota	98.6	1.4	0.0
Tennessee	100.0	0.0	0.0
Texas	100.0	0.0	0.0
Utah	0.0	0.0	100.0
Vermont	96.9	3.1	0.0
Virgin Islands	100.0	0.0	0.0
Virginia	0.0	0.0	100.0
Washington	81.3	0.0	18.7
West Virginia	100.0	0.0	0.0
Wisconsin	100.0	0.0	0.0
Wyoming	100.0	0.0	0.0
National Total	84.8	11.2	4.1

Source: CRS based on data from HHS.

#### *Child Care Settings*

The majority of children served by CCDF are in center-based care. However, CCDF also subsidizes child care provided in family homes (a private residence other than the child's home with a sole caregiver), group homes (a private residence other than the child's home with two or more individuals providing care), or in their own homes. Chart 9-5 shows CCDF children by their child care setting in fiscal year 2006. After center-based care (57 percent of children served by CCDF were in center-based care), family homes were the second most common child care setting (29 percent of children served by CCDF). These percentages vary by State, as shown in Table 9-12.

CHART 9-5--CHILDREN SERVED BY CCDF BY CHILD CARE  
SETTING—FY2006



Source: CRS based on data from HHS.

TABLE 9-12--CHILDREN SERVED BY CCDF BY TYPE OF SETTING—  
FY2006

State	Center	Family Home	Child's Home	Group Home	Not Reported	Total
Alabama	87.8	6.9	0.0	3.8	1.5	100.0
Alaska	46.2	32.4	15.4	5.7	0.3	100.0
American Samoa	NA	NA	NA	NA	NA	NA
Arizona	73.9	16.2	3.0	6.9	0.0	100.0
Arkansas	81.7	18.3	0.0	0.0	0.0	100.0
California	45.7	36.5	6.2	10.2	1.4	100.0
Colorado	62.3	31.1	5.6	0.0	0.9	100.0
Connecticut	40.5	30.2	25.1	0.3	3.9	100.0
Delaware	58.3	35.0	3.3	3.1	0.3	100.0
District of Columbia	81.2	4.3	0.1	0.0	14.4	100.0
Florida	87.9	10.7	1.1	0.0	0.3	100.0
Georgia	84.6	12.6	0.8	2.0	0.0	100.0

TABLE 9-12--CHILDREN SERVED BY CCDF BY TYPE OF SETTING—  
FY2006 - continued

State	Center	Family Home	Child's Home	Group Home	Not Reported	Total
Guam	85.9	6.5	6.7	0.8	0.0	100.0
Hawaii	32.5	52.8	13.9	0.1	0.7	100.0
Idaho	48.8	36.1	1.5	13.5	0.1	100.0
Illinois	33.4	43.6	22.0	0.9	0.0	100.0
Indiana	55.4	43.9	0.7	0.0	0.0	100.0
Iowa	37.2	55.7	0.4	6.0	0.6	100.0
Kansas	34.6	19.9	5.3	39.8	0.3	100.0
Kentucky	78.7	19.6	0.0	1.7	0.0	100.0
Louisiana	74.4	11.0	14.6	0.0	0.0	100.0
Maine	52.2	44.1	2.4	0.0	1.3	100.0
Maryland	40.1	46.0	12.9	0.0	0.9	100.0
Massachusetts	67.4	4.4	2.5	20.9	4.8	100.0
Michigan	15.3	45.1	28.8	9.8	0.9	100.0
Minnesota	36.5	46.7	13.9	0.0	3.0	100.0
Mississippi	73.1	22.6	2.9	0.8	0.6	100.0
Missouri	54.0	40.3	1.2	2.2	2.3	100.0
Montana	37.7	21.5	3.4	37.3	0.2	100.0
Nebraska	53.2	38.2	0.0	7.9	0.7	100.0
Nevada	86.2	5.5	7.5	0.8	0.0	100.0
New Hampshire	61.0	31.8	6.5	0.0	0.7	100.0
New Jersey	75.8	18.4	1.8	0.0	4.0	100.0
New Mexico	53.3	38.3	1.7	5.9	0.9	100.0
New York	28.0	39.0	17.5	9.5	6.0	100.0
North Carolina	80.6	18.9	0.2	0.0	0.3	100.0
North Dakota	25.9	42.5	0.0	31.4	0.2	100.0
Northern Mariana Islands	40.9	45.3	7.3	6.5	0.0	100.0
Ohio	59.4	31.5	0.0	1.7	7.4	100.0
Oklahoma	72.3	27.6	0.1	0.0	0.0	100.0
Oregon	18.9	65.5	12.3	3.2	0.1	100.0
Pennsylvania	47.5	40.1	5.9	3.8	2.6	100.0
Puerto Rico	46.7	48.7	2.7	0.9	1.0	100.0
Rhode Island	67.0	31.7	1.0	0.2	0.0	100.0
South Carolina	78.0	12.8	6.2	3.0	0.0	100.0
South Dakota	50.7	48.1	1.0	0.0	0.2	100.0
Tennessee	79.2	14.8	0.8	5.1	0.0	100.0
Texas	78.5	11.5	7.5	2.3	0.1	100.0
Utah	37.8	43.7	10.2	6.6	1.7	100.0
Vermont	45.6	51.4	0.0	0.0	3.0	100.0
Virgin Islands	85.6	0.3	11.0	3.1	0.0	100.0
Virginia	60.9	34.9	3.7	0.5	0.0	100.0
Washington	42.6	31.8	11.2	0.0	14.4	100.0
West Virginia	58.9	36.2	0.1	4.5	0.3	100.0
Wisconsin	59.9	33.4	0.2	0.0	6.5	100.0

TABLE 9-12--CHILDREN SERVED BY CCDF BY TYPE OF SETTING—  
FY2006 - continued

State	Center	Family Home	Child's Home	Group Home	Not Reported	Total
Wyoming	14.6	28.3	6.0	6.4	44.8	100.0
National Total	57.1	29.0	7.3	4.5	2.0	100.0

Note: NA denotes not available.

Source: CRS based on data from HHS.

Child care providers receiving Federal assistance must meet all licensing or regulatory requirements applicable under State or local law. States must have in effect licensing requirements applicable to child care; however, Federal law does not dictate what these licensing requirements should be or what types of providers they should cover. States must establish minimum health and safety standards that cover prevention and control of infectious diseases (including immunizations); building and physical premises safety; and health and safety training; and that apply to child care providers receiving block grant assistance (except relative providers).

Table 9-13 shows children whose child care is subsidized through CCDF by whether or not their care providers are covered by licensing requirements. Almost three fourths (73 percent) of children were in settings covered by licensing requirements—almost all center-based care was covered. However, 14 percent of children were in relative care in settings (own home or family home) that were not covered by licensing regulations.

TABLE 9-13--CHILD CARE AND DEVELOPMENT FUND—PERCENT OF CHILDREN IN ALL TYPES OF CARE--- FY2006

State	Licensed or Regulated Providers				Providers Legally Operating without Regulation						Center	Invalid/ Not Reported	Total
	Center	Family Home	Child's Home	Group Home	Child's Home		Family Home		Group Home				
					Relative	Non- Relative	Relative	Non- Relative	Relative	Non- Relative			
Alabama	71.0	4.1	0.0	3.8	0.0	0.0	2.8	0.0	0.0	0.0	16.8	1.5	100.0
Alaska	46.2	19.3	0.0	5.7	13.9	1.5	8.3	4.7	0.0	0.0	0.0	0.3	100.0
American Samoa	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.0
Arizona	73.9	7.9	0.5	6.9	2.5	0.0	8.3	0.0	0.0	0.0	0.0	0.0	100.0
Arkansas	81.7	17.6	0.0	0.0	0.0	0.0	0.1	0.6	0.0	0.0	0.0	0.0	100.0
California	42.9	14.5	0.0	10.2	4.7	1.6	15.6	6.4	0.0	0.0	2.7	1.4	100.0
Colorado	62.3	18.3	0.0	0.0	4.6	1.0	8.6	4.3	0.0	0.0	0.0	0.9	100.0
Connecticut	36.9	12.2	0.0	0.3	18.5	6.6	15.6	2.3	0.0	0.0	3.6	3.9	100.0
Delaware	56.1	29.7	0.0	3.1	3.2	0.1	5.4	0.0	0.0	0.0	2.2	0.3	100.0
D.C.	81.2	3.6	0.0	0.0	0.0	0.1	0.8	0.0	0.0	0.0	0.0	14.4	100.0
Florida	79.5	10.7	0.1	0.0	0.3	0.8	0.0	0.0	0.0	0.0	8.4	0.3	100.0
Georgia	84.6	8.8	0.0	2.0	0.8	0.0	2.9	0.9	0.0	0.0	0.0	0.0	100.0
Guam	82.4	1.0	1.0	0.8	2.6	3.1	2.6	2.9	0.0	0.0	3.6	0.0	100.0
Hawaii	30.1	7.2	0.0	0.1	12.2	1.6	39.5	6.0	0.0	0.0	2.4	0.7	100.0
Idaho	48.8	0.0	0.0	13.5	0.5	1.0	12.2	23.9	0.0	0.0	0.0	0.1	100.0
Illinois	29.5	18.9	0.0	0.9	10.3	11.7	6.8	17.9	0.0	0.0	3.9	0.0	100.0
Indiana	30.5	35.7	0.0	0.0	0.2	0.5	2.0	6.1	0.0	0.0	25.0	0.0	100.0
Iowa	37.2	36.6	0.0	6.0	0.1	0.3	3.0	16.1	0.0	0.0	0.0	0.6	100.0
Kansas	34.6	9.1	0.0	39.8	2.8	2.5	10.8	0.0	0.0	0.0	0.0	0.3	100.0
Kentucky	78.7	7.0	0.0	1.7	0.0	0.0	7.3	5.4	0.0	0.0	0.0	0.0	100.0
Louisiana	73.0	0.0	0.0	0.0	10.2	4.4	3.6	7.4	0.0	0.0	1.4	0.0	100.0
Maine	51.9	33.4	0.0	0.0	0.9	1.5	5.7	5.0	0.0	0.0	0.3	1.3	100.0
Maryland	40.1	36.7	0.0	0.0	9.8	3.1	9.2	0.1	0.0	0.0	0.0	0.9	100.0

TABLE 9-13--CHILD CARE AND DEVELOPMENT FUND—PERCENT OF CHILDREN IN ALL TYPES OF CARE--- FY2006 -  
continued

State	Licensed or Regulated Providers				Providers Legally Operating without Regulation						Center	Invalid/ Not Reported	Total
	Center	Family Home	Child's Home	Group Home	Child's Home		Family Home		Group Home				
					Relative	Non- Relative	Relative	Non- Relative	Relative	Non- Relative			
Massachusetts	67.4	2.5	0.0	20.9	1.1	1.4	1.9	0.0	0.0	0.0	0.0	4.8	100.0
Michigan	15.2	7.1	0.0	9.8	28.8	0.0	38.0	0.0	0.0	0.0	0.1	0.9	100.0
Minnesota	34.6	34.2	0.0	0.0	7.8	6.1	3.9	8.6	0.0	0.0	1.8	3.0	100.0
Mississippi	73.1	0.0	0.0	0.8	1.9	1.0	11.7	10.9	0.0	0.0	0.0	0.6	100.0
Missouri	47.1	12.0	0.0	2.2	0.6	0.6	11.2	17.1	0.0	0.0	6.9	2.3	100.0
Montana	37.7	11.9	0.0	37.3	2.2	1.2	5.0	4.6	0.0	0.0	0.0	0.2	100.0
Nebraska	53.2	20.4	0.0	7.9	0.0	0.0	0.5	17.3	0.0	0.0	0.0	0.7	100.0
Nevada	68.6	4.1	0.0	0.7	1.8	5.7	0.1	1.4	0.0	0.1	17.6	0.0	100.0
New Hampshire	61.0	7.8	0.0	0.0	3.0	3.5	5.5	18.6	0.0	0.0	0.0	0.7	100.0
New Jersey	75.8	10.9	0.0	0.0	0.8	1.1	2.6	4.9	0.0	0.0	0.0	4.0	100.0
New Mexico	53.3	1.7	0.0	5.9	1.0	0.6	27.1	9.6	0.0	0.0	0.0	0.9	100.0
New York	26.7	9.6	0.1	9.5	9.6	7.8	11.3	18.2	0.0	0.0	1.3	6.0	100.0
North Carolina	80.6	17.5	0.0	0.0	0.0	0.2	1.2	0.2	0.0	0.0	0.0	0.3	100.0
North Dakota	25.9	7.6	0.0	31.4	0.0	0.0	13.2	21.7	0.0	0.0	0.0	0.2	100.0
Northern Marianas	40.9	44.8	7.3	6.5	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	100.0
Ohio	59.4	31.5	0.0	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.4	100.0
Oklahoma	72.3	27.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0
Oregon	17.6	22.2	0.0	2.5	5.3	7.0	11.3	32.1	0.0	0.7	1.4	0.1	100.0
Pennsylvania	47.5	8.2	0.0	3.8	3.6	2.3	15.8	16.1	0.0	0.0	0.0	2.6	100.0
Puerto Rico	43.8	1.2	1.7	0.9	0.7	0.3	42.0	5.5	0.0	0.0	2.9	1.0	100.0
Rhode Island	67.0	29.9	0.0	0.2	0.1	0.9	1.2	0.6	0.0	0.0	0.0	0.0	100.0
South Carolina	78.0	2.0	0.0	3.0	0.0	6.2	0.0	10.9	0.0	0.0	0.0	0.0	100.0

TABLE 9-13--CHILD CARE AND DEVELOPMENT FUND—PERCENT OF CHILDREN IN ALL TYPES OF CARE--- FY2006 -  
continued

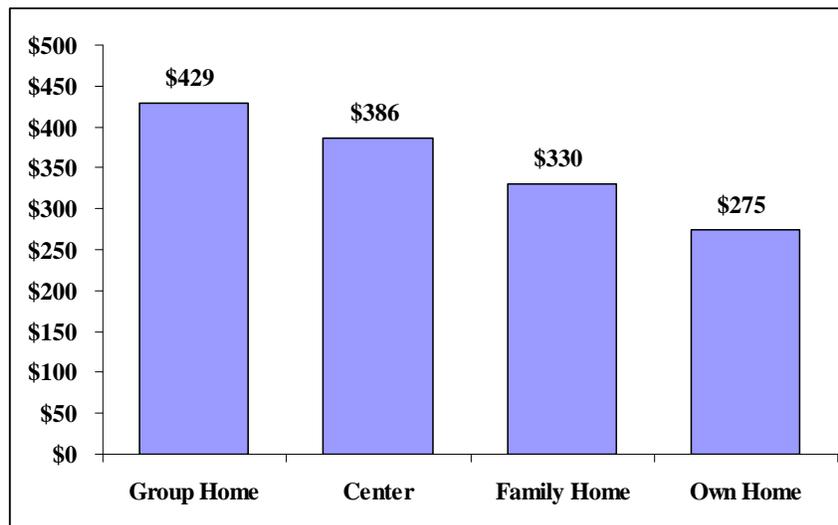
State	Licensed or Regulated Providers				Providers Legally Operating without Regulation						Center	Invalid/ Not Reported	Total
	Center	Family Home	Child's Home	Group Home	Child's Home		Family Home		Group Home				
					Relative	Non- Relative	Relative	Non- Relative	Relative	Non- Relative			
South Dakota	50.7	36.1	0.0	0.0	0.2	0.8	7.1	4.8	0.0	0.0	0.0	0.2	100.0
Tennessee	78.8	5.8	0.0	5.1	0.8	0.1	3.3	5.7	0.0	0.0	0.4	0.0	100.0
Texas	78.5	2.9	0.0	2.3	7.5	0.0	8.6	0.0	0.0	0.0	0.0	0.1	100.0
Utah	37.1	12.3	0.0	6.6	9.7	0.6	30.4	1.0	0.0	0.0	0.7	1.7	100.0
Vermont	45.6	51.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	100.0
Virgin Islands	85.3	0.0	8.4	3.1	1.7	0.9	0.0	0.3	0.0	0.0	0.3	0.0	100.0
Virginia	59.0	20.8	1.4	0.2	1.0	1.2	8.0	6.1	0.1	0.1	1.9	0.0	100.0
Washington	42.6	26.6	0.0	0.0	10.8	0.4	5.2	0.0	0.0	0.0	0.0	14.4	100.0
West Virginia	57.4	35.1	0.0	4.5	0.0	0.1	0.8	0.3	0.0	0.0	1.5	0.3	100.0
Wisconsin	59.9	33.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.5	100.0
Wyoming	14.6	8.2	0.0	6.4	4.2	1.7	11.3	8.7	0.0	0.0	0.0	44.8	100.0
National Percentage	54.9	13.6	0.1	4.5	5.2	2.1	9.2	6.3	0.0	0.0	2.2	2.0	100.0

Source: CRS based on data from HHS.

### *Child Care Costs*

The average expenditure for child care subsidized by CCDF varies by the child care setting and age of the child. Overall, the average monthly expenditure for children served by CCDF (including the family copayment, discussed below) in fiscal year 2006 was \$363. Chart 9-6 shows the average cost by child care setting. Average expenditures were highest in group homes (\$429 per month), followed by child care centers (\$386 per month). The average monthly expenditure for care in family homes was 15 percent lower than for center-based care (\$330 versus \$386 per month), while the average monthly expenditure for care in a child's own home was almost 30 percent lower than for center-based care.

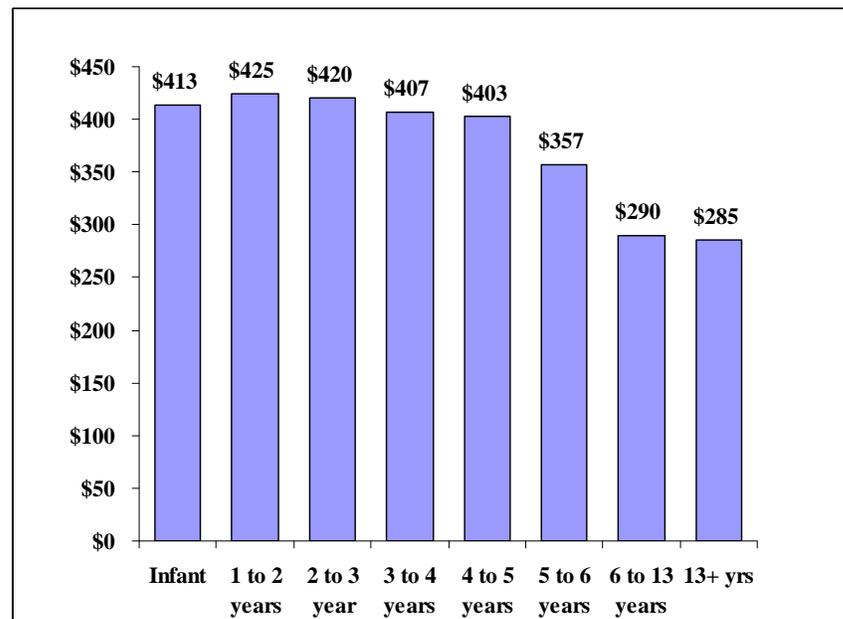
**CHART 9-6--AVERAGE MONTHLY EXPENDITURE FOR CHILD CARE, CHILDREN SERVED BY CCDF, BY CHILD CARE SETTING – FY2006**



Source: CRS based on data from HHS.

Average monthly child care expenditures also varied by the age of the child. Chart 9-7 shows the average monthly expenditures by age of the child. (Again, the average monthly expenditure includes the family copayment.) As would be expected, average expenditures for preschool children are considerably higher than those for school-age children. This is partially because the number of hours in care drops off considerably for school-age children. However, even among preschool children, child care for younger children is more expensive than for older children. The chart shows that expenditures for one-to-two year olds are slightly less than for infants. This is because the average number of hours in care (not shown on the chart) for infants is lower than the average number of hours in care for one-to-two year olds.

CHART 9-7--AVERAGE MONTHLY EXPENDITURE FOR CHILD CARE,  
CHILDREN SERVED BY CCDF, BY AGE OF THE CHILD-- FY2006



Source: CRS based on data from HHS.

#### *Sliding Fee Scales and Copayments*

Under the CCDF, child care services are provided to families on a sliding fee scale basis. States are required to establish payment rates for child care services that are sufficient to ensure equal access for eligible children to comparable services available to children whose parents are not eligible for subsidies. In general, the family is expected to make a financial contribution toward the cost of care, with the CCDF subsidy picking up the remainder of that cost. Federal regulations allow States to waive child care fees (or copayments) for families with incomes at or below the poverty line.

In fiscal year 2006, the national average copayment for CCDF child care was 4.7 percent of family income for all families receiving CCDF-subsidized care. For families subject to a copayment (that is, the copayment was not waived), the national average copayment was 6.1 percent of family income. Table 9-14 shows the CCDF copayment as a percent of family income by State. There is some variation in the copayment as a percent of family income among States, although in most States the copayment was below 10 percent of family income.

TABLE 9-14--CCDF FAMILY COPAYMENTS AS A PERCENT OF  
TOTAL FAMILY INCOME—FY2006

State	Copayment as a Percent of Family Income	
	For all CCDF Families	For Families Who Paid a Copayment
Alabama	4.7	5.3
Alaska	3.6	4.0
American Samoa	NA	NA
Arizona	4.0	4.5
Arkansas	1.8	7.7
California	0.9	2.9
Colorado	8.7	9.7
Connecticut	4.5	4.7
Delaware	4.0	10.1
District of Columbia	2.7	4.0
Florida	6.0	6.0
Georgia	6.2	7.1
Guam	6.4	6.6
Hawaii	1.8	3.4
Idaho	9.8	9.8
Illinois	6.1	6.1
Indiana	1.4	6.8
Iowa	2.0	5.3
Kansas	5.0	6.3
Kentucky	5.7	7.7
Louisiana	12.4	13.3
Maine	7.3	7.6
Maryland	6.4	8.2
Massachusetts	6.1	8.7
Michigan	2.2	2.9
Minnesota	3.3	4.6
Mississippi	4.3	4.5
Missouri	4.9	7.4
Montana	3.7	3.7
Nebraska	2.2	8.8
Nevada	6.0	7.1
New Hampshire	0.1	0.1

TABLE 9-14--CCDF FAMILY COPAYMENTS AS A PERCENT OF  
TOTAL FAMILY INCOME—FY2006 - continued

Copayment as a Percent of Family Income		
State	For all CCDF Families	For Families Who Paid a Copayment
New Jersey	5.8	6.9
New Mexico	3.9	4.8
New York	2.8	4.6
North Carolina	7.8	8.3
North Dakota	16.6	16.6
Northern Mariana Islands	11.9	12.7
Ohio	5.7	5.9
Oklahoma	4.8	7.2
Oregon	7.8	8.5
Pennsylvania	5.3	5.8
Puerto Rico	2.1	3.6
Rhode Island	3.6	5.0
South Carolina	3.5	3.5
South Dakota	4.5	11.0
Tennessee	0.2	1.3
Texas	8.9	9.6
Utah	3.4	4.2
Vermont	4.7	5.1
Virgin Islands	0.0	0.1
Virginia	6.9	10.0
Washington	1.9	7.4
West Virginia	3.6	4.2
Wisconsin	5.9	6.2
Wyoming	5.2	5.4
National Percentage	4.7	6.1

Note: NA denotes not available.

Source: Table prepared by CRS based on data from HHS.

### EMPLOYMENT AND MARITAL STATUS OF MOTHERS

As noted at the outset of this chapter, child care is a policy issue largely because most mothers work. The dramatic increase in labor force participation of mothers after World War II and the more recent rise in the number of female-headed families have fueled an increased demand for child care services over

the last several decades. A person is defined as participating in the labor force if she is working or seeking work. As shown in Table 9-15, slightly over one-fourth of all mothers with children between the ages of 6 and 17 were in the labor force in 1947, just following World War II. By 1990, however, nearly three-quarters of such mothers were in the labor force and their participation has remained above that level ever since. The increased labor force participation of mothers with younger children also has been dramatic. In 1947, it was unusual to find mothers with a preschool-age child in the labor force -- only 12 percent of mothers with children under the age of 6 were working or seeking work. But by 1985, more than half of mothers with preschool-age children were in the labor force, and their participation has exceeded 60 percent since 1995. Even mothers of infants and toddlers have become increasingly engaged in the labor market. Slightly more than 20 percent of mothers whose youngest child is under age 3 were in the labor market in 1965, while about 60 percent of such mothers participate in the labor force today.

TABLE 9-15--LABOR FORCE PARTICIPATION RATES OF WOMEN, BY PRESENCE AND AGE OF YOUNGEST CHILD, SELECTED YEARS, 1947-2006

	No Children Under 18	With Children Under Age 18				
		Total	Age 6-17 Only	Under Age 6		
				Total	Under 3	Under 2
April 1947	29.8	18.6	27.3	12.0	NA	NA
April 1950	31.4	21.6	32.8	13.6	NA	NA
April 1955	33.9	27.0	38.4	18.2	NA	NA
March 1960	35.0	30.4	42.5	20.2	NA	NA
March 1965	36.5	35.0	45.7	25.3	21.4	NA
March 1970	42.8	42.4	51.6	32.2	27.3	NA
March 1975	45.1	47.3	54.8	38.8	34.1	31.5
March 1980	48.1	56.6	64.3	46.8	41.9	39.2
March 1985	50.4	62.1	69.9	53.5	49.5	48.0
March 1990	52.3	66.7	74.7	58.2	53.6	52.1
March 1995	52.9	69.7	76.4	62.3	58.7	57.9 <sup>1</sup>
March 2000	54.8	72.9	79.0	65.3	61.0	NA
March 2005	53.6	70.5	76.9	62.6	58.9	NA
March 2006	53.6	70.6	76.9	63.0	59.9	NA

<sup>1</sup> Includes mothers in the Armed Forces.

NA-Not available.

Note-Data for 1994 and beyond are not directly comparable with data for 1993 and earlier years because of introduction of a major redesign in the Current Population Survey (household survey) questionnaire and collection methodology and the introduction of 1990 census-based population controls, adjusted for the estimated undercount (Polivka & Rothgeb, 1993).

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Single mothers maintain a greater share of all families with children today than in the past. Census data show that in 1970, 11.5 percent of families with children were headed by a single mother, compared with 26.4 percent of families with children in 2006. While the number of two-parent families with children increased only slightly between 1970 and 2006 (25.8 and 26.5 million,

respectively), the number of female-headed families with children more than tripled, increasing from 3.4 million families in 1970 to 10.4 million in 2006. These families headed by mothers were a major source of growth in the demand for child care. (For more details, see Appendix E.)

Mothers' attachment to the labor force differs depending on the age of their youngest child and marital status, as Tables 9-16 and 9-17 show. Table 9-16 exhibits the labor force participation rates of married and non-married mothers with a youngest child over or under age 6. The table provides evidence of the increasing rate of working mothers, regardless of marital status, particularly among working mothers with preschool children.

Table 9-17 provides a further breakdown of the labor force participation of women for March 2006 by marital status and age of the youngest child. Among those with children under 18, women who were not married with a spouse present (i.e., never-married, separated, divorced or widowed) have the highest labor force participation rate (81 percent), compared to participation by married women with children under 18 and a spouse present (75 percent). As the table illustrates, labor force participation rates tend to increase regardless of the marital status of the mother as the age of the youngest child increases, at least up to the child's teenage years. Among all women with children under 18, 60 percent of those with a child under 3 participate in the workforce, compared with 63 percent of those whose youngest child is under age 6 and 71 percent of those whose youngest children is under 18. Among mothers of school-age children only (with no child under age 6), nearly 77 percent are in the labor force.

TABLE 9-16--LABOR FORCE PARTICIPATION RATES OF WOMEN WITH CHILDREN, BY MARITAL STATUS AND AGE OF YOUNGEST CHILD, SELECTED YEARS, 1970-2006

	1970	1980	1990	1994	1998	2002	2006	Percent Increase, 1980-2006
Married women:								
Youngest Under 6	30.3	45.0	58.9	61.7	63.7	60.8	60.3	34.0
Youngest 6 or Older	49.2	61.8	73.6	76.0	76.8	76.8	75.3	21.8
Other Marital Statuses <sup>1</sup> :								
Youngest Under 6	45.4	52.2	59.3	59.2	70.7	73.6	70.6	35.2
Youngest 6 or Older	60.6	66.6	75.0	70.7	79.6	83.0	80.6	21.0
All Women	52.9 <sup>1</sup>	56.6	66.7	68.4	72.3	72.2	70.6	24.7

<sup>1</sup> Includes never-married, divorced, separated, and widowed persons.

NA-Not available.

Note-Data for 1994 and beyond are not directly comparable with data for 1993 and earlier years because of introduction of a major redesign in the Current Population Survey (household survey) questionnaire and collection methodology and the introduction of 1990 census-based population controls, adjusted for the estimated undercount (Polivka & Rothgeb, 1993).

Source: U.S. Department of Labor, Bureau of Labor Statistics.

TABLE 9-17--LABOR FORCE PARTICIPATION RATES OF WOMEN WITH CHILDREN UNDER 18, BY MARITAL STATUS AND AGE OF YOUNGEST CHILD, MARCH 2006

Marital Status	Age of Youngest Child			
	Under 3	Under 6	Under 18	6-17
Married, Spouse Present	57.7	60.3	68.4	75.3
Other Marital Statuses	66.4	70.6	76.4	80.6
All Women with Children Under 18	59.9	63.0	70.6	76.9

Note-Labor force participation rates include nonworking mothers who are actively looking for work.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

While most mothers participate in the labor force, not all working mothers are employed full-time. The Bureau of Labor Statistics reports that in 2007, 71 percent of women with children under age 18 participated in the labor force. Of these mothers, 72 percent worked full-time (defined as 35 hours or more per week) while 23 percent were employed part-time (the remainder were unemployed but seeking work). Among mothers with a youngest child under age 6, 63 percent participated in the labor force. Of these mothers, 68 percent worked full-time and 26 percent worked part-time. Mothers were somewhat less likely to work full-time, and more likely to work part-time, if they were married with a present spouse. Among married mothers in the labor force with children under age 18, 71 percent worked full-time and 26 percent worked part-time. Among comparable mothers who either were never-married, separated, divorced or widowed, 75 percent worked full-time while 17 percent worked part-time in 2007.

### CHILD CARE ARRANGEMENTS AND COSTS

Data on the types and costs of child care arrangements used by families receiving Federal subsidies through the CCDF are collected by HHS and were discussed earlier in this chapter. Data on the types and costs of arrangements used by families with working mothers in general, regardless of whether they receive public subsidies, are collected periodically by the U.S. Census Bureau. The most recent U.S. Census Bureau statistics available on child care arrangements are based on data collected by the Survey of Income and Program Participation (SIPP) for February 2005 - May 2005 (Census Bureau, 2008). Because the interview questions obtain information about both paid and unpaid substitute care used while the mother works, it provides information on categories of care that generally are not considered child care, such as care provided by the father, or care by a sibling.

*Arrangements*

The 2005 data indicate that the types of child care arrangements used by families while the mother works vary. Table 9-18 shows the distribution of primary child care arrangements used for preschoolers (children under age 5) with working mothers, by mother's marital status, race/ethnicity, age, work status, family poverty level, and whether the family received TANF. The primary child care arrangement is based on the arrangement in which a child spends the most hours in a typical week. In the case of a child who spends equal time between arrangements, the child would have more than one primary arrangement.

Table 9-18 shows that half of preschoolers with working mothers in 2005 primarily relied on care by a parent, grandparent, sibling or other relative, compared to one quarter of children whose primary arrangement was an organized facility, such as a child care center, nursery or preschool, or Head Start program. Just under 8 percent of preschoolers were cared for in family day care homes, while another 9 percent received care by another non-relative. A small percentage of preschoolers were in school (3 percent) while their mother worked, and families had no regular arrangement identified as a primary arrangement for 10.5 percent of preschoolers.

Preschool children of married working mothers were about equally likely to be cared for by a parent (26 percent), than by an organized child care facility (25 percent). Parents were less likely to care for preschoolers whose mothers were widowed, separated or divorced (13 percent) or never married (16 percent). However, children of unmarried mothers were more often cared for by their grandparents or other relatives. Grandparents or other relatives were the primary child care arrangement for 31 percent of preschoolers whose mothers were widowed, separated or divorced, and for 40 percent of children whose mother had never married, compared with 24 percent of children with married mothers. Among preschoolers whose mothers were employed full-time, 28 percent were in organized day care facilities, compared with 18 percent of children whose mothers worked part-time. Children from poor families were less likely to be placed in an organized day care facility (19 percent) than children whose family income was at least twice the poverty level (28 percent); poor children were more likely to be cared for by a parent or other relative (59 percent) than children from families with incomes that were at least double the poverty level (45 percent).

TABLE 9-18--PRIMARY CHILD CARE ARRANGEMENTS OF CHILDREN UNDER AGE 5 WITH EMPLOYED MOTHERS, SPRING 2005  
[percentages unless noted otherwise]

Characteristic	Relative Care			Non-relative Care			Other		Total Number of Children (in thousands)
	Parent	Grandparent	Sibling or Other Relative	Day Care Center/ Nursery/ Preschool/ Head Start	Family Day Care	Other Non-relative	School <sup>1</sup>	No Regular Arrangement <sup>2</sup>	
Total	22.8	20.5	6.9	25.2	7.8	9.0	2.6	10.5	11,334
Marital Status of Mother									
Married	25.7	18.6	5.0	25.3	8.5	8.5	2.5	11.5	8,149
Widowed, separated, or divorced	13.2	21.6	9.3	31.1	6.8	11.8	3.7	8.0	965
Never married	16.3	26.9	13.0	22.2	5.9	9.6	2.8	7.9	2,220
Race/Hispanic Origin of Mother									
White, Non-Hispanic	25.6	18.4	4.1	26.1	9.6	9.1	1.7	11.5	7,159
Black	15.9	20.3	11.5	31.1	6.9	6.9	5.2	7.0	1,840
Asian	14.6	28.6	7.6	28.2	1.1	10.0	.0	9.6	317
Hispanic, any race	18.5	27.7	13.2	15.0	4.0	10.7	4.3	10.3	1,761
Age of Mother									
15-24 years	21.4	29.3	10.8	21.7	4.5	9.2	1.4	7.0	1,825
25-34 years	23.6	21.8	6.4	24.1	8.9	7.6	2.6	10.5	6,157
35+ years	22.0	13.3	5.8	29.0	7.7	11.4	3.4	12.3	3,353
Work Status of mother									
Employed full-time	18.0	21.4	7.1	28.3	8.9	9.1	2.4	9.0	7,582
Employed part-time	31.7	21.2	7.7	18.0	6.5	8.7	2.9	10.6	2,901
Self-employed	34.8	10.5	2.5	20.8	3.3	8.7	3.4	22.8	851
Family Poverty Level									
Below poverty level	29.4	20.9	9.0	19.2	4.4	7.9	2.3	12.2	1,641
At or above poverty level	21.7	20.6	6.6	26.4	8.5	9.0	2.7	9.9	9,577
100-199 percent of poverty level	24.6	21.7	12.7	21.2	4.0	6.5	4.7	9.5	2,395

9-50

TABLE 9-18--PRIMARY CHILD CARE ARRANGEMENTS OF CHILDREN UNDER AGE 5 WITH EMPLOYED MOTHERS, SPRING 2005 – continued  
[percentages unless noted otherwise]

Characteristic	Relative Care			Non-relative Care			Other		Total Number of Children (in thousands)
	Parent	Grandparent	Sibling or Other Relative	Day Care Center/ Nursery/ Preschool/ Head Start	Family Day Care	Other Non-relative	School <sup>1</sup>	No Regular Arrangement <sup>2</sup>	
200+ percent of poverty	20.8	20.2	4.4	28.1	10.0	9.8	2.0	10.1	7,182
Received TANF <sup>3</sup>									
No	17.2	31.5	9.0	24.4	5.6	6.2	-	9.3	11,222
Yes	22.8	20.4	6.9	25.2	7.9	9.0	2.7	10.5	112

(-) Represents or rounds to zero.

<sup>1</sup>Attendance in kindergarten/grade school is not typically considered to be a child care arrangement but is shown here for informational purposes.

<sup>2</sup>Not in a regular child care arrangement, including those who are only in school or self-care.

<sup>3</sup>TANF = Temporary Assistance for Needy Families.

Note: The primary child care arrangement is defined as the arrangement used the most hours per week.

Source: U.S. Census Bureau.

Table 9-19 shows the types of arrangements used in 2005 for school-age children with working mothers. (Percentages do not total to 100 percent as some children were in more than one arrangement.) As expected for this age group, most children (95 percent) were in school during some of the time their mother worked. Parents (either the mother while she worked or the child's father) cared for 27 percent of school-age children; grandparents, siblings and other relatives provided care for 31 percent of the children. Less than 8 percent of these children were in organized day care facilities. For nearly 17 percent, enrichment activities such as sports, after-school lessons and clubs constituted a child care arrangement; more than 7 percent were in school-based care programs. More than 16 percent of school-age children cared for themselves during some of the time that their mother worked, while no regular arrangement was specified for 37 percent of children and 19 percent were in multiple arrangements.

TABLE 9-19--CHILD CARE ARRANGEMENTS USED BY EMPLOYED MOTHERS FOR CHILDREN AGES 5-14 LIVING WITH MOTHER, SPRING 2005

Type of Arrangement	Percent
Relative Care	
Parent	27.0
Sibling	10.2
Grandparent	15.1
Other relative	5.6
Organized Care or School	
Day care center	6.6
Nursery/preschool	0.9
Head Start	0.1
School	95.2
Non-relative Home-based	
Non-relative in child's home	2.9
Family day care home	1.9
Other non-relative in provider's home	3.4
Other	
Self-care	16.5
Enrichment activities <sup>1</sup>	16.6
School care programs	7.2
No regular arrangement <sup>2</sup>	37.3
Multiple arrangements	19.1

<sup>1</sup>Enrichment activities include organized sports, lessons (such as music, art, dance, language, computer), clubs, and before- or after-school care programs.

<sup>2</sup>Not in a regular child care arrangement, including those who are only in school or self-care.

Note: The primary child care arrangement is defined as the arrangement used the most hours per week.

Source: U.S. Census Bureau.

Table 9-20 shows the primary arrangements used by working mothers for their preschool-aged children for selected years from 1985 through 2005. In general, the table does not show dramatic changes in the arrangements used during this time period, although there appears to be a downward trend in informal care by nonrelatives (from 28 percent in 1985 to 16 percent in 2005).

TABLE 9-20--PRIMARY CHILD CARE ARRANGEMENTS OF PRESCHOOLERS WITH EMPLOYED  
MOTHERS: SELECTED YEARS, 1985 TO 2005

Type of Arrangement	Winter 1985	Fall 1988	Fall 1999	Fall 1991	Fall 1993	Fall 1995 <sup>1</sup>	Spring 1997 <sup>1</sup>	Spring 1999 <sup>1</sup>	Winter 2001 <sup>1</sup>	Spring 2005 <sup>1</sup>
Children under 5 years (in thousands)	8,168	9,483	9,629	9,854	9,937	10,047	11,041	11,397	9,823	11,334
Percent Distribution										
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Parents	23.8	22.7	22.9	28.7	22.1	22.0	20.8	20.1	20.7	21.6
Mother while working	8.1	7.6	6.4	8.7	6.2	5.4	3.2	3.0	3.2	4.3
Father	15.7	15.1	16.5	20.0	15.9	16.6	17.7	17.1	17.5	17.2
Relatives	24.1	21.1	23.1	23.5	25.3	21.4	24.9	27.7	24.8	25.8
Grandparent	15.9	13.9	14.3	15.8	16.5	15.9	17.5	19.7	18.6	19.4
Sibling and other relative	8.2	7.2	8.8	7.7	8.8	5.5	7.4	8.0	6.2	6.4
Organized Facility	23.1	25.8	27.5	23.1	29.9	25.1	20.4	21.0	24.3	23.8
Day care center	14.0	16.6	20.6	15.8	18.3	17.7	15.4	16.7	18.3	18.1
Nursery/preschool	9.1	9.2	6.9	7.3	11.6	5.9	4.2	3.9	5.2	5.0
Federal Head Start program	NA	NA	NA	NA	NA	1.5	0.9	0.4	0.8	0.8
Other Non-relative Care	28.2	28.9	25.1	23.3	21.6	28.4	20.2	18.8	17.2	15.6
In child's home	5.9	5.3	5.0	5.4	5.0	4.9	3.8	3.3	3.9	3.6
In provider's home	22.3	23.6	20.1	17.9	16.6	23.5	16.3	15.6	13.4	21.0
Family day care	NA	NA	NA	NA	NA	15.7	9.8	10.2	8.9	7.4
Other non-relative	NA	NA	NA	NA	NA	7.8	6.5	5.4	4.5	4.6
Other	0.8	1.6	1.3	1.6	1.1	2.9	13.7	12.4	13.0	13.2
Self care	-	0.1	0.1	-	-	0.1	-	-	-	-
Other arrangement <sup>2</sup>	0.8	1.5	1.2	1.6	1.1	0.6	2.2	2.7	2.6	2.5
No regular arrangement <sup>3</sup>	(NA)	(NA)	(NA)	(NA)	(NA)	2.2	11.5	9.7	10.4	10.8

(-) Represents or rounds to zero. (NA) Not available.

<sup>1</sup> Distributions were proportionately redistributed to account for tied responses for the primary arrangement (including responses of no regular arrangement) to make the percentages total to 100 percent and comparable to earlier years.

<sup>2</sup> Includes kindergarten, grade school and school-based activities for 1985 to 1995. Only includes kindergarten/grade school from 1997 forward.

<sup>3</sup> Not in a child care arrangement on a regular basis (also includes children who were only in kindergarten, grade school or only in self-care for 1997 and forward).

TABLE 9-20--PRIMARY CHILD CARE ARRANGEMENTS OF PRESCHOOLERS WITH EMPLOYED  
MOTHERS: SELECTED YEARS, 1985 TO 2005 - continued

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Note: Employed mothers are those with wage and salary employment or other employment arrangements including contingent work and self-employment.

Starting with the 1997 data, edits of employment categories were changed to better capture arrangements other than wage and salary employment, as well as including the self-employed in the employed total, which may affect comparisons to survey data from earlier years. Percentages shown here reflect these new edits and supersede previously reported percentages for years 1997 and 1999. The 2002 Winter data omit women who only had self-employed work due to error in the editing procedure.

Source: U.S. Census Bureau.

*Costs*

Not all families with working mothers and preschool children purchase child care services. The tendency to purchase care and the amount spent on care, both in absolute terms and as a percent of family income, generally varies by the type of child care used, family type (married or single mothers), and the family's economic status.

As with child care arrangements used by working families, the most recent data on child care expenditures by families are from the Survey of Income and Program Participation for the spring of 2005. These data show that nearly 50 percent of families with employed mothers paid for child care for their preschool-aged children. And, as shown in Table 9-21, families with higher incomes were more likely to purchase care than families with lower incomes. For example, 55 percent of families with incomes equal to or greater than twice the poverty level purchased child care in the spring of 2005, while only 32 percent of families with incomes below poverty purchased care. Likewise, families with mothers who were employed full-time were more likely to purchase child care (55 percent) than families with mothers who worked part-time (42 percent) or were self-employed (34 percent).

The average weekly cost per family for all preschool-aged children was \$128 in 2005 for those families that purchased care (Table 9-21). Married-couple families devoted a smaller percentage of their income to child care (8 percent) than single-parent families (14 percent), but their child care expenditures were nonetheless greater (\$140 per week) than those of single-parent families (\$110 per week for widowed, separated or divorced mothers and \$90 per week for never-married mothers).

Table 9-21 also shows that, while poor families spend fewer dollars for child care than higher income families, they spend a much greater percentage of their family income for child care. Thus, poor families spent only \$82 per week, but this amount represented almost 27 percent of their income. By contrast, non-poor families spent an average of \$132 per week on care, but this amount was only about 8 percent of their income.

TABLE 9-21--USE OF PAID CHILD CARE ARRANGEMENTS FOR CHILDREN UNDER AGE 5 AMONG FAMILIES WITH WORKING MOTHERS, AVERAGE WEEKLY CHILD CARE EXPENDITURES, AND PERCENT OF FAMILY INCOME SPENT ON CARE, SPRING 2005

Families with Children Under Age 5	Percent Paying for Child Care	Average Weekly Cost of Care (\$)	Percent of Monthly Family Income Spent on Care <sup>1</sup>
Total	49.9	\$128	8.6
Marital Status of Mother			
Married	51.4	140	7.8
Widowed, separated, or divorced	55.3	110	14.1
Never married	43.0	90	13.5

TABLE 9-21--USE OF PAID CHILD CARE ARRANGEMENTS FOR CHILDREN UNDER AGE 5 AMONG FAMILIES WITH WORKING MOTHERS, AVERAGE WEEKLY CHILD CARE EXPENDITURES, AND PERCENT OF FAMILY INCOME SPENT ON CARE, SPRING 2005 - continued

Families with Children Under Age 5	Percent Paying for Child Care	Average Weekly Cost of Care (\$)	Percent of Monthly Family Income Spent on Care <sup>1</sup>
Age of Mother			
15-24 years	40.7	84	10.9
25-34 years	51.0	126	8.6
35+ years	53.6	152	8.1
Race/Hispanic Origin			
White, non-Hispanic	52.5	136	7.9
Black	46.2	114	11.0
Asian	55.1	188	9.3
Hispanic (of any race)	45.2	99	10.5
Work Status of Mother			
Employed full-time	54.7	135	9.5
Employed part-time	41.6	99	8.3
Self-employed	33.8	147	3.7
Family Poverty Level			
Below poverty level	32.2	82	26.6
At or above poverty level	52.5	132	8.3
100-199 percent of poverty level	44.1	89	16.0
200+ percent of poverty level	55.3	144	7.7

<sup>1</sup>Percent is a ratio of average monthly child care payments (prorated from weekly averages) to average family monthly income.

Note: Average expenditures per week are among families making child care payments.

Source: U.S. Census Bureau.

Table 9-22 shows weekly child care costs for families with working mothers and children under age 15 for selected years from 1991 through 2005, showing poor and non-poor families separately for certain years. The table shows that weekly expenses have increased in constant 2005 dollars from \$90 in 1991 to \$107 in 2005, but that for all families making payments for child care, these costs have decreased somewhat from 7.1 percent of income in 1991 to 6.4 percent in 2005.

TABLE 9-22--WEEKLY CHILD CARE COSTS PAID BY FAMILIES WITH EMPLOYED MOTHERS FOR CHILDREN UNDER 15 YEARS OF AGE, 1991-2005

Date of Survey	Number of mothers (in thousands)	Weekly Expenses <sup>1</sup>			Percent of monthly income spent on child care <sup>2</sup>
		Percent making payments	Current dollars	Constant 2005 dollars	
Spring 2005	22,961	34.8	107	107	6.4
Below poverty	2,378	24.3	90	90	29.2
Above poverty	20,583	36.0	109	109	6.1

TABLE 9-22--WEEKLY CHILD CARE COSTS PAID BY FAMILIES WITH  
EMPLOYED MOTHERS FOR CHILDREN UNDER 15 YEARS OF AGE,  
1991-2005 - continued

Date of Survey	Number of mothers (in thousands)	Weekly Expenses <sup>1</sup>			Percent of monthly income spent on child care <sup>2</sup>
		Percent making payments	Current dollars	Constant 2005 dollars	
Winter 2002	22,208	35.7	95	103	7.1
Below poverty	2,143	23.2	67	73	25.7
Above poverty	20,065	37.0	97	105	6.9
Spring 1999	22,531	42.2	79	93	6.7
Below poverty	2,115	30.3	76	89	33.3
Above poverty	20,416	43.4	80	94	6.4
Spring 1997	21,478	43.2	75	91	6.9
Below poverty	2,440	29.7	52	63	20.0
Above poverty	19,038	44.9	77	94	6.6
Fall 1993	19,798	35.3	70	94	7.3
Below poverty	1,802	27.3	55	74	21.1
Above poverty	17,996	36.1	71	96	7
Fall 1991	19,180	34.5	63	90	7.1
Below poverty	1,642	24.1	60	86	26.6
Above poverty	17,537	35.5	64	92	6.9

<sup>1</sup>Weekly expenditures among person making child care payments.

<sup>2</sup> Derived from ratio of average monthly child care payments (prorated from weekly averages) to average monthly income.

Source: U.S. Census Bureau.

## CHILD CARE PROVIDERS

### SUPPLY

A comprehensive study of the number of child care providers in the U.S., whether licensed or unlicensed, is not available. The most recent study of licensed child care facilities was conducted for 2005 by the National Association for Regulatory Administration (NARA) in partnership with the National Child Care Information and Technical Assistance Center (NCCIC) (NARA, 2006). (The NARA study succeeds a long-time series previously conducted by the Children's Foundation, which no longer exists.) The study reported that the number of licensed child care centers in 2005 was 105,444; the number of licensed family child care homes was 213,966; and the number of other licensed facilities was

16,110, for a total of 335,520 licensed child care facilities in the U.S. in 2005. Although nearly two-thirds of licensed facilities were family child care homes, more than 70 percent of children were served in child care centers, which generally have a larger capacity than family child care homes. NARA reported that child care centers had the capacity to serve 6.6 million children in 2005, compared to 1.9 million in licensed family child care homes and 449,000 in other licensed facilities. The total capacity of licensed facilities in 2005 was slightly more than 9 million.

The U.S. Census Bureau also collects data on the number of child care establishments (without regard to licensing or regulatory status), defined as those primarily engaged in providing day care for infants or preschool children but which also may care for older children when they are not in school and which may offer prekindergarten educational programs. The 2002 Economic Census reported that the number of child day care establishments with paid employees totaled 68,834, compared with the 1997 figure of 62,054. (Data for 2007 will be reported in 2009.) Census also reports more recent data on non-employer child day care establishments, which are largely sole proprietorships. These establishments totaled 678,265 in 2006, compared with 618,947 in 2002.

#### WAGES OF CHILD CARE CENTER STAFF

No single data source provides comprehensive information on wages of child care workers. However, occupational data collected by the Department of Labor, when complemented by survey information gathered by organizations interested in child care issues, begin to paint a picture of the status of child care wages in the United States.

The Bureau of Labor Statistics (BLS) collects wage data for about 800 occupations, as surveyed by the Occupational Employment Statistics (OES) Program. "Child care workers" are defined as those who attend to children at schools, businesses, private households, and child care institutions, providing such tasks as dressing, feeding, bathing and overseeing play. On the other hand, "preschool teachers" are defined as those who instruct children (normally up to age 5) in activities designed to promote social, physical and intellectual growth in a preschool, day care center, or other child development facility. This division of tasks does not necessarily occur in actual child care settings, and therefore the survey's occupational group assignments, and wage distinctions made between those groups, should be interpreted with some caution. Nevertheless, the OES survey provides a general sense of wages within the child care field. Based on OES survey results for May 2007, the median hourly wage of a "child care worker" was \$8.82, and for a "preschool teacher," \$11.12. The average, or mean wages, for "child care workers" and "preschool teachers" in May 2007 were slightly higher, at \$9.46 and \$12.40 respectively.

Table 9-23 shows the average wages for child care workers and preschool teachers by State in May 2007, based on State Occupational Employment and Wage data from the Bureau of Labor Statistics.

TABLE 9-23--AVERAGE WAGES FOR CHILD CARE WORKERS AND  
PRESCHOOL TEACHERS, May 2007

State	Child Care Workers	Preschool Teachers
Alabama	\$7.53	\$10.40
Alaska	11.04	13.67
Arizona	8.77	10.84
Arkansas	7.68	11.35
California	10.78	13.78
Colorado	10.38	12.17
Connecticut	10.85	13.98
Delaware	9.92	11.85
District of Columbia	11.75	15.30
Florida	8.95	12.19
Georgia	8.01	10.56
Hawaii	8.80	13.35
Idaho	8.45	9.63
Illinois	9.91	13.70
Indiana	8.72	11.57
Iowa	8.22	10.43
Kansas	8.28	11.52
Kentucky	8.09	11.99
Louisiana	7.58	9.02
Maine	10.46	12.96
Maryland	10.11	14.08
Massachusetts	10.82	14.19
Michigan	10.00	15.84
Minnesota	9.44	14.59
Mississippi	7.35	10.40
Missouri	8.92	11.88
Montana	8.23	9.89
Nebraska	8.37	10.84
Nevada	8.35	11.11
New Hampshire	9.23	12.58
New Jersey	10.32	16.02
New Mexico	8.17	12.14
New York	10.99	14.43
North Carolina	9.15	10.18
North Dakota	7.90	11.06
Ohio	9.93	10.45
Oklahoma	7.74	10.51
Oregon	9.79	11.70
Pennsylvania	9.26	11.38
Rhode Island	10.25	14.40
South Carolina	7.79	12.04
South Dakota	8.25	12.75
Tennessee	7.85	9.61
Texas	7.82	11.03
Utah	8.15	11.22
Vermont	9.48	13.77
Virginia	8.99	12.94
Washington	10.10	13.08

TABLE 9-23--AVERAGE WAGES FOR CHILD CARE WORKERS AND  
PRESCHOOL TEACHERS, May 2007 – continued

State	Child Care Workers	Preschool Teachers
West Virginia	7.22	11.16
Wisconsin	10.92	11.16
Wyoming	8.78	11.81

Source: Bureau of Labor Statistics, 2007 State Occupational Employment and Wage Data.

### REGULATION AND LICENSING

Regulation and licensing of child care providers is conducted primarily at the State and local levels, although the extent to which the Federal Government should play a role in this area surfaces periodically as a contentious topic of debate. Licensing and regulation serve as a means of defining and enforcing minimum requirements for the legal operation of child care environments in which children will be safe from harm and their developmental needs will be met. Licensing standards are one of several areas that researchers focus on when examining child care quality, seeking to determine whether higher licensing standards are associated with higher quality child care and better child outcomes. The most sweeping and controversial attempt to establish Federal standards was through the Federal Interagency Day Care Requirements (FIDCR) of 1968, originally intended to apply to all federally-funded child care services but never fully implemented because they were perceived as too stringent and costly. As discussed earlier, the Child Care and Development Block Grant Act require States to establish licensing standards, but (unlike the 1968 FIDCR) the current Federal law does not prescribe these standards or the types of providers to which they must apply. Federal law also requires States to establish minimum health and safety standards in specified areas, and limits CCDF assistance only to providers that meet all applicable State or local licensing or regulatory requirements (with the exception of relative providers).

There is no uniform way in which States and/or territories regulate child care centers, preschools, nursery schools, prekindergarten, and/or religiously affiliated child care centers. All States and territories do, however, require center-based care (as opposed to family child care providers) to be regulated through licensing or registration. In the case of family day care providers, most States exempt certain providers -- typically those serving smaller numbers of children -- from licensing or regulation. According to the National Association for Regulatory Administration study cited earlier, in 2005, 50 States licensed child care centers and 48 States licensed family group homes. The study reports that 17 States also licensed "other" child care facilities, such as part-day preschools and nursery schools, school-age care facilities, Head Start agencies, and others. As cited above, NARA found there were 213,966 licensed family child care providers in the U.S. in 2005, while the Census Bureau found 678,265 non-employer child care establishments during that same year. These two data points are from different sources with different data collection methodologies; however, they suggest that

the number of licensed family child care providers is a fraction of the total number of family home providers that exist, with the majority being unregulated.

The NARA study examined specific State licensing requirements for child care centers, reporting on such topics as the type and frequency of licensing inspections, staff qualifications and ongoing training requirements, specific hiring provisions (such as criminal background checks), health and safety requirements, and whether and what domains of child development must be addressed in the activities conducted by child care centers, as well as group size requirements and child-staff ratios. While there are many common elements in State licensing and regulation provisions, there also is wide variety.

For example, most States conduct licensing inspections of child care centers at least once a year, and licenses usually last from one to two years. Most States require a minimum of a bachelor's degree for child care licensors and use CCDF funds to hire and support licensing staff. Most States also require some type of background check for child care center staff, but they vary with regard to the specific type of background check required, with 28 States requiring a State criminal history check, 6 requiring a Federal criminal history check, 24 requiring a child abuse and neglect registry check, and 7 requiring a sex offender registry check.

All States have established child-staff ratios by age for child care centers, with the most common being 4:1 for infants, 6:1 for 18-month-olds, 10:1 for three-and-four-year-olds, and 15:1 for 5-year-olds and older. However, not all States have established group size requirements. Among the 28 States that do establish such requirements, the most common group sizes are 8 for infants, 12 for 18-month-olds, 20 for three-and-four-year-olds, and 30 for five-year-olds and older. Somewhat more than half the States require children to undergo a physical examination before enrollment, and all States have some kind of nutrition requirements governing the meals and snacks provided to children. Almost all States require certain activities to be available to children, although they vary in the specific activities required. Most States (41) require child care centers to address children's developmental needs, with 32 requiring that centers address children's social and physical development needs, 31 requiring activities that address their language/literacy and cognitive/emotional development needs, and 18 requiring centers to address children's cultural development needs. However, few States list specific activities that must be provided to address these developmental needs.

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