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Child Care Issues in the 109th Congress

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Summary

Federal support for child care comes in many forms, ranging from grant programs to tax provisions. Some programs serve as specifically dedicated funding sources for child care services (e.g., the Child Care and Development Block Grant (CCDBG)), while for others (e.g., Temporary Assistance for Needy Families (TANF)), child care is just one of many purposes for which funds may be used. In many cases, federal programs target low-income families in need of child care assistance, but in the case of certain tax provisions, the benefits reach middle- and upper-income families as well. This report provides an overview of federal child care and related programs, and tracks issues being addressed by the 109th Congress.

The 109th Congress inherited several child care-related agenda items from the previous Congress(es). For example, the CCDBG and TANF block grants have been due to be reauthorized since the end of FY2002, and Head Start since the end of FY2003. In all cases, legislation has failed to make its way to enactment in law. Mandatory child care funding, which is linked legislatively to the TANF reauthorization, has instead been extended on a temporary basis numerous times, with the most recent extension (H.R. 3021, running through September 30, 2005) signed into law as P.L. 109-19 by the President on July 1, 2005.

Funding for most child care and related programs is provided through the annual appropriations process, either under the Department of Health and Human Services, or the Department of Education. Shortly following the start of the 109th Congress, the President, on February 7, 2005, released his budget request for FY2006. With the exception of the Head Start program, for which the President requested a slight (0.7%) increase, and two programs that would be eliminated (the Even Start program and Early Learning Fund), the FY2006 budget request would provide the same rounded level of funding as in FY2005 for the child care-related programs covered in this report.

The FY2006 budget proposals in areas related to child care and early childhood development continue to be framed in the context of the Administration's Early Childhood Initiative — "Good Start, Grow Smart" — which was initially launched in April 2002. The initiative emphasizes the importance of promoting school readiness, a key focus of the President's Head Start reauthorization proposals. In efforts to promote school readiness among pre-school children, there is also a growing emphasis on better coordination of early childhood programs, which include most of the federal programs described in this report, as well as state pre-kindergarten programs and other state-funded efforts.

This report will be updated to reflect relevant legislative activity, including reauthorization bills S. 667, H.R. 240, and S. 525.

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Child Care Issues in the 109th Congress

Recent Developments

On July 14, 2005, the Senate Committee on Appropriations amended and reported H.R. 3010 (S.Rept. 109-103), a bill to make FY2006 appropriations for the Departments of Labor, Health and Human Services, and Education. For funding amounts proposed, and how they compare to the version of H.R. 3010 passed by the House on June 24, 2005, see *FY2006 Appropriations — In Process* in this report.

On July 1, 2005, legislation (H.R. 3021) to temporarily extend funding and program authority for TANF and mandatory child care programs was signed into law (P.L. 109-19). This law marks the tenth temporary extension, and applies through September 30, 2005.

On May 25, 2005, the Senate Committee on Health, Education, Labor, and Pensions approved its Head Start reauthorization bill, S. 1107, by voice vote. One week earlier the House Committee on Education and the Workforce unanimously passed (48-0) its own reauthorization legislation, H.R. 2123, as amended.¹

On March 15, 2005, the House Ways and Means Subcommittee on Human Resources approved H.R. 240, a welfare reauthorization bill that includes an additional \$1 billion (over five years) in mandatory child care funding (above the current annual level of \$2.717 billion). The approval vote (8-4) followed party lines, reflecting only Republican support. Earlier that same day, the Education and Workforce Subcommittee on 21st Century Competitiveness conducted a hearing on welfare reauthorization: “Welfare Reform: Reauthorization of Work and Child Care.” (The Education and Workforce Committee also has jurisdiction over some provisions included in H.R. 240, but has not yet taken up the legislation.)

On March 9, 2005, both the Senate Finance Committee and the Senate Health, Education, Labor, and Pensions Committee (HELP) approved and ordered reported bills to reauthorize welfare and child care. The Senate Finance bill (S. 667) includes an additional \$6 billion over five years in mandatory funding for child care (above the current annual level of \$2.7 billion), while the Senate HELP bill (S. 525) would reauthorize the Child Care and Development Block Grant Act itself, including program rules, and would provide an increased authorization of discretionary funding for the program (\$2.3 billion in FY2006, rising to \$3.1 billion in FY2010). Both bills received bipartisan support. For more information on the legislation, see *Child Care and Welfare Reauthorizations*, later in this report.

¹ For more information on these reauthorization bills, and additional information on Head Start, see CRS Report RL30952, *Head Start: Background and Issues*.

Federal Child Care-Related Programs and Tax Provisions

Several federal programs support child care or related services, primarily for low-income working families. In addition, the tax code includes provisions specifically targeted to assist families with child care expenses. Descriptions of those programs and tax provisions follow, as does **Table 1**, which shows funding (or estimated revenue loss or obligations where applicable) for the programs and tax provisions for the past five years. In many cases, other Congressional Research Service (CRS) reports are referenced as sources for more detailed information about individual programs. Several programs are due for reauthorization during the 109th Congress (i.e., Child Care and Development Block Grant, Temporary Assistance for Needy Families, and Head Start), and readers should be aware that this report does not attempt to cover all issues connected with each of those reauthorizations.

Child Care and Development Block Grant (CCDBG).² The primary federal grant program funding child care is the CCDBG, which was created in 1990, and reauthorized and substantially expanded in 1996, as part of welfare reform. The CCDBG has been due to be reauthorized since the end of FY2002, and remains on the agenda in the 109th Congress. (See the *Legislative Activity* section of this report.) The CCDBG is administered by the Department of Health and Human Services (HHS), and provides formula block grants to states, which use the grants to subsidize the child care expenses of families with children under age 13, if the parents are working or in school and family income is less than 85% of the state median. (In practice, many states establish income eligibility levels that are lower than this federal threshold.) Child care services are provided on a sliding fee scale basis, and parents may choose to receive assistance through vouchers or certificates, which can be used with a provider of the parents' choice, including sectarian providers and relatives.

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

The CCDBG is funded through both discretionary and capped entitlement grants (referred to in combination as the Child Care and Development Fund (CCDF)), and state maintenance-of-effort (MOE) and matching requirements apply to part of the entitlement funds.³ States must use at least 4% of their total funds to improve the quality and availability of child care, and according to statute, must target 70% of entitlement funds on welfare recipients working toward self-sufficiency or families

² For more information, see CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by Melinda Gish.

³ For more detailed information on the CCDF financing structure and spending trends, see CRS Report RL31274, *Child Care: Funding and Spending under Federal Block Grants*, by Melinda Gish.

at risk of welfare dependency. However, because all families falling below the 85% of state median income requirement can be categorized as “at risk,” the 70% targeting of the welfare or at-risk population does not necessarily mean welfare families must be served. In theory, all funds may be used for low-income, non-welfare, working families. However, state plans indicate that many states guarantee child care to welfare families. No more than 5% of state allotments may be used for state administrative costs.

For FY2005, the Consolidated Appropriations Act (P.L. 108-447) provides \$2.1 billion (minus an across-the-board rescission of 0.8%) in discretionary funding for the Child Care and Development Block Grant. Mandatory (or “entitlement”) CCDBG funding beginning in FY2003 has been provided at the FY2002 rate (\$2.717 billion for the year), under a series of funding extensions. The tenth extension (H.R. 3021) was approved by Congress and signed into law (P.L. 109-19) on July 1, 2005. It provides funding (at the same FY2002 rate) through September 30, 2005.⁴

Temporary Assistance for Needy Families (TANF). TANF, created in the 1996 welfare reform law (P.L. 104-193), provides fixed block grants for state-designed programs of time-limited and work-conditioned aid to needy families with children. The original legislation provided \$16.5 billion annually through FY2002, and Congress has since approved temporary extensions, the tenth of which runs through September 30, 2005, and was signed into law as P.L. 109-19 by the President on July 1, 2005. Child care is one of many services for which states may use TANF funding. In FY2003, HHS reports that states spent \$1.7 billion in federal TANF funds for child care within the TANF program, and \$1.77 billion in state TANF and separate state program (SSP) MOE funds. (Of that \$1.77 billion in state spending, approximately \$905 million could be “double counted” as state spending toward the CCDF MOE requirement.) In addition, states may transfer up to 30% of their TANF allotments to the CCDBG (CCDF), to be spent according to the rules of that program (as opposed to TANF rules). The transfer from the FY2003 TANF allotment to the CCDBG totaled almost \$1.9 billion (representing 11% of the FY2003 TANF allotment); however, states may choose to move *previously* transferred TANF funds *back* to TANF, and when these amounts are taken into account, the net amount transferred *in* FY2003 (as opposed to *from* the FY2003 TANF allotment) comes to \$1.8 billion.

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

⁴ For more information on states’ use of TANF funds, see CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on Financing and Requirements for State Programs*, by Gene Falk.

Department of Agriculture. For FY2005, obligations are estimated to be \$2.1 billion.⁵

Social Services Block Grant (SSBG). Title XX of the Social Security Act authorizes Social Services Block Grants, which may be used for social services at the states' discretion. There are no federal income eligibility requirements, targeting provisions, service mandates, or matching requirements. The most recently published HHS analysis of state expenditures indicates that almost 8% of *total SSBG expenditures* made in FY2002 (\$205 million) were for child care in that year, similar to those made for child care in FY2001 (\$201 million). Title XX is a capped entitlement, and state allocations are based on relative population size. It should be noted that although the SSBG has an entitlement ceiling, appropriations may not always abide by it. For example, the ceiling in FY2001 was \$1.7 billion; however, Congress appropriated \$1.725 billion for that year, despite the ceiling. The Consolidated Appropriations Act, 2005 (P.L. 108-447) provides \$1.7 billion for the SSBG and maintains states' authority to transfer up to 10% of their TANF block grants to the SSBG. (Note: the SSBG is not a discretionary program, and thus is not affected by the across-the-board rescission.)⁶

Head Start. Head Start provides comprehensive early childhood education and development services to low-income preschool children, typically (but not always) on a part-time basis. The Head Start Act has been due to be reauthorized since the end of FY2003, but remains an unfinished legislative agenda item. Funding has nevertheless been provided through the appropriations process. Under current law, Head Start funds are provided directly by HHS to local grantees, which must comply with detailed federal performance standards. However, in its most recent budget request (FY2006), the Administration again proposed to give up to nine *states* the opportunity to administer Head Start, provided they demonstrate how Head Start will be coordinated with other preschool programs and services to emphasize developing skills and behaviors including language development; pre-reading skills; numeracy; and social and emotional competence, while meeting state-established accountability standards. This proposal proved controversial in both the House and Senate last Congress, and was not proposed in either of the reauthorization bills (H.R. 2123 or S. 1107) approved in the House and Senate committees of jurisdiction this year.⁷

The most recent available data show funded enrollment for Head Start in FY2004 to have totaled 905,851 children (of whom almost 62,000 were under age three, participating in Early Head Start). The Consolidated Appropriations Act, 2005 (P.L. 108-447) provides \$6.843 billion for Head Start, of which \$1.4 billion becomes available in FY2006. (The \$6.843 billion amount reflects the law's across-the-board 0.8% rescission applied to the \$6.899 billion.)

⁵ See CRS Report RL31577, *Child Nutrition and WIC Programs: Background and Funding*, by Joe Richardson.

⁶ See CRS Report 94-953, *Social Services Block Grant (Title XX of the Social Security Act)*, by Melinda Gish.

⁷ For more information, see CRS Report RL30952, *Head Start: Background and Issues*, by Melinda Gish.

21st Century Community Learning Centers (21st CCLC). The 21st Century Community Learning Centers program is administered by the Department of Education and is authorized under the Elementary and Secondary Education Act (ESEA), as amended in 2002 by the No Child Left Behind Act (P.L. 107-110).⁸ Funding for the 21st CCLC program is provided to states under a formula grant, based on states' shares of Title I, Part A funds. States then use their allocations to make competitive awards to local educational agencies, community-based organizations, or consortia of public or private agencies that primarily serve students who attend schools with concentrations of poor students or low-performing schools. The focus of the program is to provide after-school academic enrichment opportunities for children in these communities. The appropriation provided by the Consolidated Appropriations Act, 2005 (P.L. 108-447) is \$991 million.

Even Start. The Department of Education administers the Even Start program, which provides grants for family literacy projects that include early childhood education.⁹ The appropriation for FY2005 is \$225 million.

Individuals with Disabilities Education Act (IDEA) Programs. The Individuals with Disabilities Education Act (IDEA) authorizes an early intervention program for infants and toddlers with disabilities and their families, and preschool grants for children with disabilities.¹⁰ IDEA was reauthorized during the 108th Congress. FY2005 appropriations for the IDEA infants and toddlers program are \$441 million, and the funding level for the preschool grants program is \$385 million.

Early Learning Fund/Early Learning Opportunities Act Program. This HHS program (referred to by both names), authorized by the FY2001 Consolidated Appropriations Act (P.L. 106-554), provides grants to communities to enhance school readiness for children under five, specifically by funding efforts to improve the cognitive, physical, social, and emotional development of these children. Although authorized at \$600 million, FY2002 funding for the program was set at \$25 million; FY2003 funding was set at \$34 million (despite the President's FY2003 budget proposal to eliminate the program) and for FY2004, P.L. 108-199 included \$34 million for the Early Learning Fund. The FY2005 appropriation is approximately \$36 million.

Early Reading First. The Early Reading First program, authorized by the Elementary and Secondary Education Act of 1965 (as amended), supports local efforts to enhance the school readiness of young children — particularly those from low-income families — through scientific research-based strategies and professional development that are designed to enhance the verbal skills, phonological awareness,

⁸ For more information, see CRS Report RL31240, *21st Century Community Learning Centers in P.L. 107-110: Background and Funding*, by Gail McCallion.

⁹ For more information, see CRS Report RL30448, *Even Start Family Literacy Programs: An Overview*, by Gail McCallion.

¹⁰ For more information, see CRS Report RL31273, *Individuals with Disabilities Education Act (IDEA): Early Childhood Programs (Section 619 and Part C)*, by Richard Apling.

letter knowledge, and pre-reading skills of preschool age children.¹¹ The program provides competitive grants to eligible local educational agencies (LEAs) and to public or private organizations or agencies that are located in eligible LEAs. The Department of Education may award grants for up to six years. For FY2005, this program is funded at \$104 million.

Early Childhood Educator Professional Development. The Department of Education provides competitive grants to partnerships to improve the knowledge and skills of early childhood educators who work in communities that have high concentrations of children living in poverty. For FY2005, \$15 million is appropriated for these grants.

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

Dependent Care Tax Credit (DCTC). The DCTC is a non-refundable tax credit for employment-related expenses incurred for the care of a dependent child under 13 or a disabled dependent or spouse, under Section 21 of the tax code.¹² Beginning in tax year 2003, the Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16) increased the maximum credit rate to 35% of expenses up to \$3,000 for one child (for a credit of \$1,050), and up to \$6,000 for two or more children (for a credit of \$2,100). The 35% rate applies to taxpayers with adjusted gross incomes of \$15,000 or less. The rate decreases by 1% for each additional \$2,000 increment (or portion thereof) in income until the rate reaches 20% for taxpayers with incomes over \$43,000. The current estimated revenue loss for 2004 is \$3.1 billion, and \$2.6 billion for 2005 as determined by the Joint Committee on Taxation (JCT).

Dependent Care Assistance Program (DCAP). Under Section 129 of the tax code, payments made by a taxpayer's employer for dependent care assistance may be excluded from the employee's income and, therefore, not be subject to federal income tax or employment taxes.¹³ The maximum exclusion is \$5,000. Section 125 of the tax code allows employers to include dependent care assistance, along with other fringe benefits, in nontaxable flexible benefit or "cafeteria" plans. The estimated revenue loss associated with this income exclusion is \$800 million in 2004 and \$900 billion for 2005.

¹¹ For more information, see CRS Report RL31241, *Reading First and Early Reading First: Background and Funding*, by Gail McCallion.

¹² For more information, see CRS Report RS21466, *Dependent Care: Current Tax Benefits and Legislative Issues*, by Christine Scott.

¹³ Ibid.

Table 1. Funding for Federal Child Care and Related Programs, FY2001-FY2005

(\$ in millions)

Program (federal admin. agency)	2001	2002	2003	2004	2005
CCDBG -discretionary portion ^a (HHS)	\$2,000	\$2,100	\$2,086 ⁱ	\$2,087 ^l	\$2,083 ^m
CCDBG -entitlement portion (HHS)	2,567	2,717	2,717 ^c	2,717 ^c	2,717 ^c
TANF ^b (HHS)	b	b	b	b	b
Child and Adult Care Food (USDA)	1,742 ^d	1,831 ^d	1,926 ^d	2,013 ^d	2,059 ^d
Social Services Block Grant ^d (HHS)	1,725 ^e	1,700 ^e	1,700 ^e	1,700 ^e	1,700 ^e
Head Start (HHS)	6,200 ^f	6,538 ^f	6,667 ^g	6,775 ^{h,l}	6,843 ^{h,m}
21 st Century Community Learning Centers (ED)	846	1,000	994 ⁱ	999 ^l	991 ^m
Even Start (ED)	250	250	248 ⁱ	247 ^l	225 ^m
Idea Infants and Families (ED)	384	417	434 ⁱ	444 ^l	441 ^m
Idea Preschool Grants (ED)	390	390	387 ⁱ	388 ^l	385 ^m
Early Learning Fund / ELOA (HHS)	20	25	34 ⁱ	34 ^l	36 ^m
Early Reading First (ED)	n/a	75	75 ⁱ	94 ^l	104 ^m
Early Childhood Educator Professional Development (ED)	10	15	15 ⁱ	15 ^l	15 ^m
Child Care Access Means Parents in School (ED)	25	22 ^j	16 ⁱ	16 ^l	16 ^m
Dependent Care Tax Credit (Treasury)	2,500 ^h	2,500 ^h	3,200 ^k	3,100 ^k	2,600 ^k
Dependent Care Assistance Program (Treasury)	500 ^h	600 ^h	800 ^h	800 ^h	900 ^h

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

- a. The CCDBG discretionary amounts shown in each column reflect the appropriated funding to be made available for that given year, taking the advance funding into account.
- b. TANF funds (\$16.5 billion annually) may be used for child care, but are not specifically appropriated as such. HHS reports that most recently states spent \$1.7 billion in federal TANF funds for child care within the TANF program in FY2003. Also, the FY2003 transfer from the FY2003 TANF allotment to the CCDBG totaled \$1.9 billion (representing 11% of the TANF allotment). However, when transfers back to TANF (from previous years) are taken into account, the net transfer amounts to \$1.8 billion.
- c. Funding for TANF and the mandatory portion of CCDBG funding for FY2003 was provided (at the FY2002 rates) through a series of temporary extensions. For FY2004, funding was also provided via extensions (P.L. 108-262 carried funding through Sept. 30, 2004). For FY2005, P.L. 108-308 extended funding at this same rate through Mar. 31, 2005. P.L. 109-4 extended funding through June 30, 2005, and P.L. 109-19 extends funding through September 30, 2005.
- d. Estimated obligations, Department of Agriculture.
- e. Total SSBG appropriation amount shown. In FY2002 (most recent data available), \$205 million in SSBG expenditures were for child care.
- f. In each of these years, \$1.4 billion was advance appropriated for the following year.
- g. Of the \$6.668 billion, \$5.268 billion was available for FY2003, and \$1.4 billion was available in FY2004. The \$5.268 billion was exempt from rescissions (or "offsets") included in P.L. 108-7. However, the advance appropriation of \$1.4 billion for FY2004, included in P.L. 108-7 was subject to the 0.59% rescission included in the FY2004 appropriations law (P.L. 108-199).

- h. Estimated revenue loss, Joint Committee on Taxation.
- i. Amount reflects rescission included in P.L. 108-7.
- j. This amount excludes \$3 million in unobligated funds transferred to the Program Administration account to help offset a \$3.7 million rescission in administrative and related expenses pursuant to section 803 of the FY2002 Supplemental Appropriations Act.
- k. Estimated revenue loss, Joint Committee on Taxation. Note: The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) raised the limit on expenses allowed for the credit, beginning in tax year 2003.
- l. These discretionary programs were subject to an across-the-board rescission of 0.59% included in P.L. 108-199. For the larger programs, the listed amount reflects the rescission, whereas for the smaller programs, the use of rounding in the table masks the decrease in the actual appropriation.
- m. The omnibus appropriations law (P.L. 108-447) included an across-the-board rescission of 0.8% for these discretionary programs. The numbers in the table reflect the offset. (For the smaller programs, the use of rounding in the table masks the decrease in the actual appropriation.)

n/a: not applicable, program not authorized prior to FY2002.

President Bush's FY2006 Budget Request

On February 7, 2005, President Bush released his budget request for FY2006, which proposes to fund most, but not all, child care and related programs at the same rounded levels provided in FY2005. Exceptions include Head Start, for which a \$45 million increase is proposed, and Even Start and the Early Learning Fund, both of which the Administration proposes to eliminate. **Table 2** provides the Administration's proposed funding levels for child care and related programs for FY2006 compared to the level of funding received for FY2005.

CCDBG. The President proposes to maintain both the discretionary and mandatory portions of funding for the child care block grant (referred to in combination as the Child Care and Development Fund (CCDF)) at the same *rounded* levels¹⁴ as provided in FY2005: \$2.1 billion and \$2.717 billion, respectively. Level funding is not anticipated to maintain current service levels. According to budget documents, the number of children projected to receive child care services funded through CCDF, TANF (transfers and direct child care spending) and the SSBG will decrease by 300,000 over the next five years (from 2.3 million estimated in FY2004, to 2 million in FY2010).¹⁵

SSBG and TANF. The President proposes to maintain both SSBG and TANF at their current levels of \$1.7 billion and \$16.5 billion respectively. These funds may continue to be used for child care, at states' discretion. In addition to using funds directly for child care, under current law, states may transfer up to 10% of their SSBG funds to the CCDF, and up to 10% of their TANF grants to the SSBG. The President does not propose to make changes to either of these transfer authorities.

Head Start. The FY2006 budget request includes \$6.888 billion for Head Start; an increase of \$45 million above FY2005 funding. The President proposes that the additional Head Start funding (which amounts to less than a 1% increase) be used

¹⁴ The precise level of funding for FY2005 is \$2,082,921,000 and proposed for FY2006 is \$2,082,910,000 — a decrease of \$11,000.

¹⁵ *Analytical Perspectives*, Budget of the United States, FY2006, p. 393.

to support the Administration's initiative to fund a nine-state pilot project, in which those states would administer their Head Start programs, with a goal of promoting coordination of state preschool programs, child care programs, and Head Start into a comprehensive system of early childhood programs.¹⁶

21st Century Community Learning Centers. The President recommends that the 21st CCLC program be funded in FY2006 at the same level as in FY2005. Of the \$991 million requested, the Administration proposes that, as in FY2005, \$9.9 million be reserved for national technical assistance and evaluation activities.

IDEA Grants for Infants and Families. The Administration requests \$441 million for IDEA Grants for Infants and Families for FY2006, the same as the FY2005 appropriation level. According to the Department of Education's FY2006 budget justifications, the program has met its process goals, such as serving over 272,000 infants and toddlers in FY2004, however, a "lack of outcome measures and data do not support an increase in funding for this program."

IDEA Preschool Grants. As with the grants for Infants and Families, the President requests level funding for the IDEA preschool grants in FY2006. The number of children served by the program are estimated by the Administration to be 706,740 in FY2005, increasing to 735,000 in FY2006. As with the IDEA grants discussed above, the Administration contends that a lack of outcome measures and data does not support an increase in program funding.

Even Start. For the second year in a row, the Administration is proposing to eliminate the Even Start program, which, despite the President's FY2005 request, was funded at a level of \$225 million in FY2005. As was the rationale last year, the President argues that limited resources are better spent in early childhood programs such as Reading First and Early Reading First, which, according to the Administration "have a stronger research basis and are more likely to achieve the President's literacy goals for young children." (The FY2006 budget request proposes no increase for **Early Reading First**, but an increase of \$195 million for Reading First.)

Early Learning Fund. Like Even Start, the Administration favors eliminating the Early Learning Fund (also known as the Early Learning Opportunities Program). Congress did not adopt the President's proposed elimination last year, and provided \$36 million in funds for FY2005. Authorization for the program expires at the end of FY2005. The Administration proposes to fund similar activities through **Early Reading First** and the **Early Childhood Education Professional Development Grant Program** (ECEPDG). (ECEPDG is proposed to be maintained at \$15 million in FY2006, the same as the FY2005 appropriation.)

Child Care Access Means Parents in School (CAMPIS). The Administration proposes to continue funding the CAMPIS program at the same level as in FY2005, which is \$16 million. According to the Department of Education,

¹⁶ For additional information about Head Start, see CRS Report RL30952 *Head Start: Background and Issues*, by Melinda Gish.

FY2006 funding is to be used by institutions to continue such services as: supporting or establishing campus-based child care programs; establishing emergency back-up care, summer child care, and after school services; providing subsidies and sliding fee scales for child care costs; and establishing programs to help serve the needs of student parents.

Table 2. Bush Administration's FY2006 Funding Request Compared with FY2005 Funding for Select Programs
(\$ in millions)

Program	President's request FY2006	FY2005 funding ^a	Difference (+/-) between President's FY2006 request and FY2005 funding
CCDBG discretionary (HHS)	2,083	2,083	0
CCDBG mandatory (HHS)	2,717	2,717	0
SSBG (HHS)	1,700	1,700	0
Head Start (HHS)	6,888	6,843	+45
21 st CCLC (ED)	991	991	0
Even Start (ED)	0	225	-225
IDEA Infants and Families (ED)	441	441	0
IDEA Preschool (ED)	385	385	0
Early Learning Fund (HHS)	0	36	-36
Early Childhood Educator Professional Development (ED)	15	15	0
Early Reading First (ED)	104	104	0
Child Care Access Means Parents in School (CAMPIS) (ED)	16	16	0

Source: Table prepared by the Congressional Research Service

a. The omnibus appropriations law (P.L. 108-447) included an across-the-board rescission of 0.8%. The numbers in the table reflect that offset.

FY2006 Appropriations — In Process

On June 24, 2005, the House amended and passed H.R. 3010, a bill to make FY2006 appropriations for the Departments of Labor, Health and Human Services, and Education. **Table 3** shows how proposed funding levels in the House-passed bill compare to FY2005 appropriations and other proposed levels for FY2006. House-proposed funding levels for FY2006 match the levels requested in the President's budget, with the exception of the Head Start and Even Start programs, which the House proposes to fund at higher levels than proposed by the President.

On July 14, 2005, the Senate Appropriations Committee approved and reported its own version of H.R. 3010 (S.Rept. 109-103). Proposed funding levels mirror those proposed in the House bill, with the following exceptions: Head Start funding is proposed at a level \$25 million less than in the House bill; Even Start would be eliminated (as proposed by the Administration); and the IDEA Infants and Toddlers Program would be provided with \$3 million more than proposed in the House version.

Table 3. FY2006 House-passed and Senate Committee-passed Funding Levels Compared with FY2005 Appropriations and President's Request for FY2006
(\$ in millions)

Program	FY2005 Funding^a	President's request FY2006	House-passed H.R. 3010	Senate Committee-passed H.R. 3010
CCDBG discretionary (HHS)	\$2,083	\$2,083	\$2,083	\$2,083
SSBG (HHS)	1,700	1,700	1,700	1,700
Head Start (HHS)	6,843	6,888	6,899	6,874
21 st CCLC (ED)	991	991	991	991
Even Start (ED)	225	0	200	0
IDEA Infants and Families (ED)	441	441	441	444
IDEA Preschool (ED)	385	385	385	385
Early Learning Fund (HHS)	36	0	0	0
Early Childhood Educator Professional Development (ED)	15	15	15	15
Early Reading First (ED)	104	104	104	104
Child Care Access Means Parents in School (CAMPIS) (ED)	16	16	16	16

Source: Table prepared by the Congressional Research Service.

a. The omnibus appropriations law (P.L. 108-447) included an across-the-board rescission of 0.8%. The numbers in the table reflect that offset.

Administration's Early Childhood Initiative

Good Start, Grow Smart: The Bush Administration's Early Childhood Initiative, was first announced by the President in April of 2002 and has been reflected in budget proposals and program initiatives since that date. Good Start, Grow Smart focuses on three overall areas: (1) strengthening Head Start; (2) partnering with states to improve early childhood education; and (3) providing information to teachers, care givers, and parents. In the President's FY2004 budget, he proposed to transfer the Head Start program to the Department of Education, as well as to provide states with the option to administer the program. The Head Start reauthorization bill passed by the House during the 108th Congress (H.R. 2210) did not include the proposal to transfer the program to ED, but did include provisions to allow a maximum of eight states to administer the program (provided they meet designated requirements).

The Administration moved ahead with two additional efforts that are in keeping with the Good Start, Grow Smart initiative, but that did not require legislative changes to the Head Start Act. One is the Strategic Teacher Education Program, also known as Project STEP, described by the Head Start Bureau as “a comprehensive, multi-faceted, sequential professional development endeavor to ensure teachers use research-based strategies to implement early and emergent literacy.” As part of this development, during summer and fall 2002, 3,000 Head Start staff and 100 state child care administrators received 32 hours of training in strategies to support children’s emerging literacy. Those who were trained are expected to serve as “mentor coaches” for staff within their respective Head Start programs.

The second effort is the development and implementation of a national reporting system that can be used to assess the effectiveness of Head Start programs in achieving successful outcomes for children in terms of school readiness — particularly the areas of literacy and number knowledge. This national reporting system was implemented starting in the fall 2003, and assesses Head Start 4- and 5-year-olds twice a year on educational performance measures — using indicators that were included in legislation as part of the 1998 reauthorization of Head Start.

Legislative Activity in the 109th Congress

Child Care and Welfare Reauthorizations. Both the CCDBG and TANF have been due to be reauthorized since the end of FY2002. Legislation to reauthorize the programs received attention last year, but never made it out of both House and Senate, and therefore the task of reauthorizing these programs remains on the agenda for the 109th Congress.¹⁷ (Funding for TANF and mandatory child care is currently being provided through a temporary extension (P.L. 109-19) that will expire September 30, 2005.

House Action. At this point, two bills to reauthorize both CCDBG and TANF have been introduced in the House, but only H.R. 240 has been taken up in committee. On March 15, 2005, the Ways and Means Subcommittee on Human Resources debated H.R. 240, and ultimately approved it (8-4), with solely Republican support. Child care funding remains a contentious issue, and Representative Stark offered an amendment to increase mandatory child care funding by \$11 billion over five years (as opposed to the \$1 billion included in the bill), but it was rejected. It should be noted that two committees have jurisdiction over child care: the Education and Workforce Committee maintains jurisdiction of the CCDBG Act itself, which includes the program rules and the authorization for discretionary funding, while the Ways and Means Committee has responsibility for the mandatory child care funding stream that supports CCDBG programs. The mandatory funding is included in Section 418 of the Social Security Act, within the same title (Title IV) that includes the TANF program. (As noted earlier, TANF funds may also be used by states to support child care.)

¹⁷ For more information on welfare reauthorization, see CRS Issue Brief IB10140, *Welfare Reauthorization: Overview of the Issues*, by Gene Falk, Melinda Gish, and Carmen Solomon-Fears.

H.R. 240, by Representative Pryce (Approved by Ways and Means Subcommittee, March 15, 2005). The Personal Responsibility, Work, and Family Promotion Act of 2005 resembles the welfare and child care reauthorization bill passed by the House last Congress, with respect to the bill's child care provisions. H.R. 240 would set mandatory child care funding at \$2.917 billion in each of FY2006-FY2010 (for an increase of \$1 billion over five years above current funding). The authorized level for the discretionary portion of CCDBG funding would be increased by \$200 million annually beginning in FY2006 (\$2.3 billion), reaching \$3.1 billion in FY2008.

This bill would also increase the child care quality set-aside from 4% to 6%, and would amend state child care plan requirements to encourage states to improve the quality of child care available to families, and to promote school readiness by encouraging the exposure of children in care to nurturing environments and developmentally — appropriate activities. Likewise, the bill would allow states to establish CCDBG income eligibility limits at any level (prioritized by need), eliminating current law's federal limit of 85% of state median income. Lastly, the bill would require that aggregated statistics on child care supply, demand, and quality be included in biennial reports to Congress. (With the exception of the mandatory funding provisions, all child care provisions fall under the jurisdiction of the Education and Workforce Committee, which has yet to take up the bill.)

H.R. 751, by Representative McDermott (Introduced February 10, 2005). The Work, Family, and Opportunity Promotion Act includes provisions to reauthorize TANF, and proposes to increase mandatory child care funding by \$11 billion over five years.

Senate Action. Bills (S. 105 and S. 6) to reauthorize welfare and aspects of child care were introduced early in the Congress, but these are not the bills that have received committee action. On March 9, 2005, both the Finance Committee and the Health, Education, Labor, and Pensions (HELP) Committee approved and ordered reported bills (S. 667 and S. 525) to reauthorize welfare and child care respectively, described below. Note that in the Senate, the Finance Committee has jurisdiction over the mandatory child care funding (and TANF), and the HELP Committee holds responsibility for the CCDBG Act.

S. 667, Personal Responsibility and Individual Development for Everyone (PRIDE) Act of 2005 (Finance Committee Ordered Reported March 9, 2005). The Senate Finance Committee approved and ordered reported, with bipartisan support, a bill (S. 667) referred to as the Personal Responsibility and Individual Development for Everyone (PRIDE) Act of 2005. The bill, which would reauthorize TANF through FY2010, proposes to maintain the TANF block grant at its current level and to provide an additional \$6 billion in mandatory child care funding over five years. The bill also proposes to provide an additional \$1 billion over five years to the Social Services Block Grant. The allowable transfer from TANF to the SSBG would be maintained at 10%.

S. 525, The Caring for Children Act of 2005 (HELP Committee Ordered Reported, March 9, 2005). This bill, introduced by Senator Alexander on March 3, 2005, closely resembles the CCDBG reauthorization bill reported out

of the HELP Committee last Congress (S. 880). As was the case with the earlier bill, the HELP Committee approved S. 525 with bipartisan support.

Major provisions would: authorize CCDBG discretionary funding at a level of \$2.3 billion for FY2006, rising in \$200 million increments up to \$3.1 billion for FY2010; increase the percentage of funds that must be used for quality activities (newly specified in the proposal) from at least 4% to at least 6%; instruct states to use not less than 70% of funds remaining after quality and administrative set-asides for direct services (as defined by states); add three new goals to the act: (1) improving the quality of child care, (2) promoting school preparedness through developmentally and age-appropriate activities in child care, and (3) promoting parental and family involvement in the education of young children in child care settings; eliminate the federal eligibility maximum limit of 85% of state median income (SMI); require states to describe in their state plans how they will coordinate with other early childhood programs such as Head Start, state pre-kindergarten, and IDEA to expand accessibility to and continuity of care; require states to conduct statistically valid market rate surveys within two years preceding their state plans, and to set rates in accordance with the results (without reducing the number of children served); expand data collection requirements; and require states beginning in FY2006 to submit a plan addressing the quality of child care services provided. Title II of the bill contains provisions to enhance security at child care centers in federal facilities, and Title III establishes a small business child care grant program, through which competitive grants would be awarded to states for establishment and operation of employer-operated child care programs. (S. 525 authorizes \$50 million over five years for this purpose, whereas S. 880 had authorized \$30 million. S. 525 also proposes to change the CCDBG allocation for tribes from “not less than 1% and not more than 2%” to a concrete “2%.”)

S. 105, by Senator Talent (Introduced January 24, 2005). This Senate version of the Personal Responsibility, Work, and Family Promotion Act of 2005 contains the same child care provisions as are proposed in H.R. 240 (see above).

S. 6, by Senator Santorum (Introduced January 24, 2005). Among tax and TANF reauthorization provisions, the Family and Community Protection Act of 2005 (S. 6) includes an additional \$1 billion over five years in mandatory child care funding.

Head Start Reauthorization. The Head Start program has been due to be reauthorized since the end of FY2003. Thus far, bills (H.R. 2123 and S. 1107) to reauthorize the Head Start program have been introduced, amended and approved by the respective committee with jurisdiction in both the House and Senate. Summaries of major provisions in the two bills (H.R. 2123, as amended and unanimously approved by the full Education and Workforce Committee in the House; and S. 1107, as approved (by voice vote) by the full Health, Education, Labor, and Pensions Committee in the Senate) can be found in CRS Report RL30952, *Head Start: Background and Issues*.

Other Child Care-Related Legislation. Other bills related to child care that have been introduced thus far in the 109th Congress include H.R. 335 (Lynch), a bill to amend the CCDBG Act to increase availability and quality of child care by

creating incentives for people age 55 and over to become child care providers; S. 15 (Bingaman), a bill that includes several provisions to amend both the Head Start Act and the CCDBG Act to expand access to programs and to improve program quality; S. 32 (Dayton), a bill authorizing the Secretary of Defense to fund child care for active duty military without access to a military child development center; and S. 233 (Roberts), a bill providing grants for building a child care training infrastructure and for encouraging employer-provided child care.

Hearings

On March 15, 2005, the House Education and Workforce Committee's Subcommittee on 21st Century Competitiveness held a hearing titled "Welfare Reform: Reauthorization of Work and Child Care." Testimony can be found at [<http://edworkforce.house.gov/hearings/109th/21st/welfare031505/wl031505.htm>].