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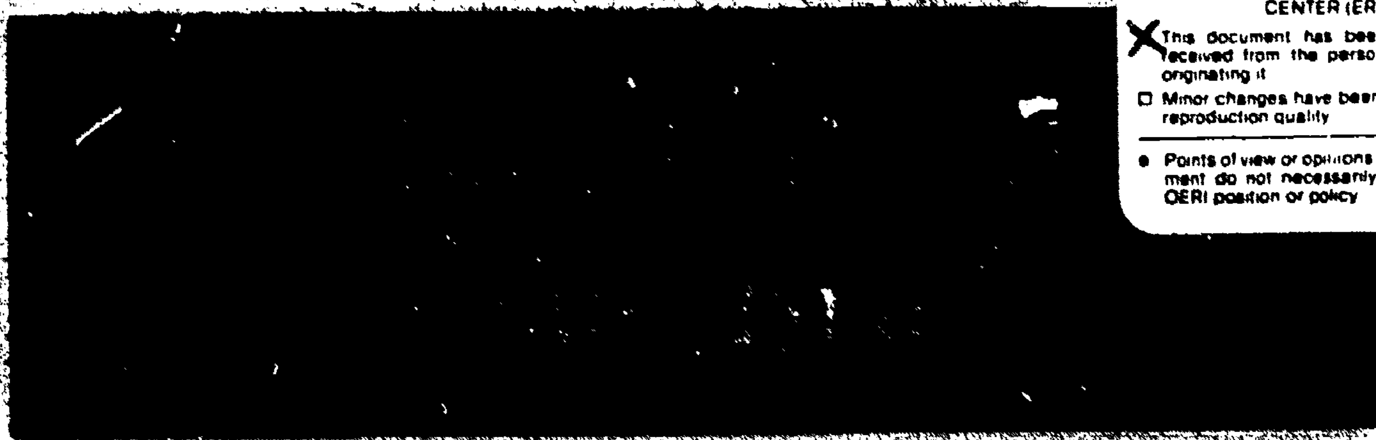
ABSTRACT

This issue brief analyzes the two new child care grant programs that were established during the 101st Congress. It also analyzes the new and expanded tax credits created to assist low-income families with children. The provisions of the Child Care and Development Block Grant (CCDBG) and the Child Care Services Entitlement concern: (1) eligibility of families and child care providers; (2) requirements that states must meet in order to receive funds; (3) requirements for reporting by states; and (4) availability of federal funds to states. Changes in federal law concerning the Earned Income Tax Credit concern an increase in credit; a supplemental tax credit for newborns; and a health care tax credit. Related children's programs and services affected by 1990 legislation include: (1) Head Start; (2) Medicaid; (3) Cooordinated Services for Children, Youth, and Families; (4) increased funding for health services for homeless children through the Stewart B. McKinney Homeless Assistance reauthorization; and (5) the Education and Handicapped Act. Appendixes include the annual allocation of block grants possible for each state in 1991, 1992, and 1993; a list of spending for block grants by state; and tables describing child care and the Earned Income Tax Credit. A list of eight references is included. (BC)



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101ST CONGRESS IN REVIEW

CHILD CARE: A SUMMARY AND ANALYSIS OF NEW FEDERAL PROGRAMS AND TAX CREDITS

by

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101st Congress in Review

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I. Summary

In the last hours of the 101st Congress, House and Senate conferees agreed to a comprehensive child care package, which was passed as part of the Omnibus Budget Reconciliation Act (OBRA), P.L. 101-508. The child care package, a priority of NCSL for the 101st Congress, was added as a sweetener to this deficit reduction legislation to offset regressive aspects of the tax package (including the gas tax and "sin" taxes on alcohol and cigarettes). The agreement, including both programmatic and tax credit initiatives, addressed state legislators' priorities and will significantly expand and enhance state efforts to make quality child care more affordable and available. All of NCSL's major policy goals were achieved, particularly the retention of state authority to set child care standards.

This issue brief analyzes the two new child care grant programs that were established: the Child Care and Development Block Grant, and a new child care services entitlement under the Family Support Act. It also analyzes the new and expanded tax credits created to assist low-income families with children: an expansion of the Earned Income Tax Credit, a new supplemental credit for newborns, and a new child health insurance credit. These new programs will require states to pass enabling legislation; wherever possible, these areas are highlighted.

II. Background

Enacting a federal child care program was one of the 101st Congress' top domestic priorities. The last comprehensive child care program was authorized during World War II to provide care for the children of "Rosie the Riveter", women working in the war effort. In 1971, President Nixon vetoed the last major child care proposal to pass Congress. Project Head Start, established in 1964 as part of the War on Poverty, provided pre-school education for low-income children. While providing instruction for a half day, Head Start was not designed as a child care program.

S.5, the Act for Better Child Care Services of 1989 (the "ABC" bill), was introduced by Senator Christopher Dodd (Connecticut) on January 25, 1989. It provided federal funding for direct child care services, federally-mandated child care standards for states created by a child care commission, and many other licensing, inspection and training requirements. After negotiations with the states and Senator Orrin Hatch (Utah), a revised ABC bill with model child care standards was brought to the Senate floor. On the floor, Senator Lloyd Bentsen (Texas) added a tax credit package including an expansion of the Earned Income Tax Credit (EITC) and a child health insurance credit. This passed, with NCSL support, on June 23, 1989. President Bush threatened a veto of S.5, citing his own proposal, the Working Family Assistance Act, which primarily expanded the existing child care and dependent care tax credit and made it refundable, preserved parental choice of child care providers, and increased Head Start expansions.

In the House of Representatives, H.R. 3, the Early Childhood Education and Development Act of 1990, was introduced on January 3, 1989, by Representative Augustus Hawkins (California). While similar to the original S.5, H.R. 3 contained two additional titles, one to expand Head Start and another to provide school-based child care. Representative Thomas Downey (New York) introduced his own version of H.R. 3, consisting of a significant expansion of the EITC and adjustment for family size, and a programmatic initiative that earmarked Title XX of the Social Security Act, the Social Services Block Grant. For over a year, the House Committee on Education and Labor (Hawkins) and the Committee on Ways and Means (Downey) fought jurisdictional and policy disputes. In October 1989, the House included both versions of child care as part of the 1989 budget reconciliation bill. Unable to agree upon either House or Senate tax provisions or between the competing House programmatic proposals, child care was dropped from the bill. Finally, on March 29, 1990, a new version of H.R. 3 passed the House floor. The version dropped Representative Hawkins' new program of state grants for Downey's proposal to earmark and increase Title XX for state child care programs.

For eight months, child care was debated in conference between the House and the Senate. At the last minute, a compromise child care package, agreed to by all parties (White House, Senate and House of Representatives) was included as part of H.R. 5835, the Omnibus Budget Reconciliation Act of 1990, as a sweetener to this deficit reduction bill that included budget process reforms and excise tax increases. On October 27, 1990, both houses of Congress passed H.R. 5835 creating a three year, $2.5 billion authorization for grants to states to help pay for child care expenses for low income families and provide for enhanced quality of child care services. It also contained a $1.5 billion entitlement program within Title IV of the Social Security Act, the Job Opportunities and Basic Skills (JOBS) program created by the Family Support Act of 1989 (P.L. 100-485). This new child care entitlement created for working poor families was added to the transitional child care program for Aid to Families with Dependent Children recipients who participate in the JOBS program. The H.R. 5835 package also included an expanded EITC for working families that included a newborn supplement and a child health insurance supplement costing $18.3 billion over five years. On November 5, 1990, President Bush signed H.R. 5385 into law (P.L. 101-964). Head Start was also significantly expanded as part of P.L. 100-501, the Augustus F. Hawkins Human Services Reauthorization Act (see State-Federal Issue Brief Vol. 3, No. 6).

III. Major Provisions

Three major child care components are included in the OBRA child care package. Two new child care grant programs were established: the Child Care and Development Block Grant and a new child care services entitlement under Title IV (the JOBS program). Also in the package are new and expanded tax credits to assist low-income families with children: an expansion of the Earned Income Tax Credit, a new supplemental credit for newborns, and a new child health insurance credit. Additionally, other child care and early childhood development programs were enhanced, including Head Start and child care for developmentally disabled children.

A. Child Care and Development Block Grant (CCDBG)

The Child Care and Development Block Grant is funded at $750 million in fiscal year 1991, $825 million in 1992, $925 million in 1993, and such sums as may be necessary for 1994 and 1995.

Most of the block grant funds are to be used to provide child care services to low-income working families, under a sliding fee scale established by the state. Funds are also to be used for activities to improve the availability and quality of child care. Priority is given for services to children of families with very low family incomes and to children with special needs.

A portion of the block grant funds (25 percent) is reserved for quality, for early childhood development, and before and after school services, as follows:

- 5 percent for quality (resource and referral programs, assistance in meeting state and local standards, monitoring of compliance with licensing and regulatory requirements, training, and improving salaries).

- 18.75 percent to increase the availability of early childhood development and before and after school services. Priority is given to areas with an especially high concentration of children from low-income families (those eligible for grants under Section 1006 of the Elementary and Secondary Education Act of 1965). Other areas with concentrations of poverty and any areas with very high or very low population densities are also potential recipients of funds.

- The remaining 1.25 percent may be used either for quality or for early childhood development and before and after school services.

States may use any portion of the block grant for administrative costs. The CCDBG is a "real" block grant, with no earmark for administration separate from services.

There are no federal standards in the agreement. The state must certify in its state plan that minimum health and safety requirements are in effect under state or local law, including: prevention and control of infectious diseases (including immunization), building and physical premises safety, and minimum health and safety training.

The grant requires no state match. However, the grant funds must be used only to supplement, not supplant, current state funding for child care. Regulations will probably define, once they are promulgated, what constitutes "current" state funding.

Eligible Families

Eligible families are those with incomes not exceeding 75 percent of the state median income, with parent(s) working or attending a job training or educational program, and with children under 13 years of age. Families providing foster care to children are eligible.

Eligible Providers

An eligible provider may be: center-based, group home, family, or other provider that is licensed, regulated or registered under state law, and satisfies applicable state and local requirements; or an adult who provides child care only to his or her grandchild, niece or nephew (if the person is registered and complies with applicable requirements).

All providers of child care services receiving grants must comply with all licensing or regulatory requirements, including registration requirements, that are applicable under state and local law. Providers who are not required to be licensed or regulated under state or local law must be registered with the state. The state must provide information to these providers on the availability of health and safety training, technical assistance, and relevant information on state regulatory requirements. The state may impose more stringent standards and licensing requirements on child care providers receiving grants under this program than other child care providers in the state.

Sectarian Provisions

Funds may not be used for sectarian purposes or activities. A sectarian organization may require employees to adhere to the religious tenets and rules forbidding the use of drugs or alcohol. Providers may not discriminate against any child on the basis of religion, and may not discriminate in new employment of caregivers on the basis of religion.

State Requirements

States must do the following to receive funds under this grant:

1. develop a state plan;
2. provide a certificate (voucher) program by October 1992;
3. establish sliding fees for child care;
4. set minimum health and safety standards; and
5. perform a one-time review of state licensing and regulatory requirements.

1. State Plan. The Governor must designate a state agency to administer the grant and develop a state plan, and to coordinate services of this grant with other federal, state and local child care and early childhood development programs. The initial state plan may be implemented over three years. Subsequent plans are to cover a two-year period.

2. Certificates. States must offer certificates for child care to eligible parents. Parents may select any licensed, regulated or registered provider including care by relatives, family day care providers, religious institutions and schools, as long as the provider complies with state and local law and meets minimal requirements set forth in the bill. The certificate may be a check or other disbursement issued by a state or local government to the parent for child care services. The state certificate program must be in place by October 1992.

3. Sliding Fees. The state must establish a sliding fee scale that provides for cost-sharing by the families that receive child care services under this program.

4. Minimum Standards. The state must certify in its state plan that minimum health and safety requirements are in effect under state or local law, including: prevention and control of infectious diseases (including immunization), building and physical premises safety, and minimum health and safety training. The state must certify that procedures for compliance with state and local health and safety requirements are in effect.

5. One-time Review. The state must review its licensing and regulatory requirements for child care services and programs within 18 months (unless a review was done in the last three years).

Reports

States must report annually to the Department of Health and Human Services (HHS) on the use of funds, beginning December 31, 1992. The report must include:

- o the number of children assisted under this program and other federal child care and pre-school programs;

- the type and number of child care programs, providers, caregivers and support personnel;
- salaries and other compensation;
- activities to encourage public-private partnerships that promote business involvement in meeting child care needs;
- actions to improve availability and quality;
- the review of state licensing and regulatory requirements;
- an explanation of any reduction in child care standards; and
- a description of standards and health and safety requirements applicable to child care providers.

HHS is required to collect and publish a listing of state child care standards every three years. HHS must provide technical assistance to states to carry out this block grant.

Other Requirements

States must assure that parents have unlimited access to their children; maintain records of parental complaints; and provide consumer education regarding state licensing and regulatory requirements, complaint procedures and policies related to child care services in the state.

States must assure that payment rates for CCDBG child care services are sufficient to assure equal access for eligible children to comparable child care services in the state that are provided to children ineligible for this or other federal or state programs.

Enforcement

Payments to states may be suspended for failure to comply substantially with any provision or requirement set forth in the state plan. Payments for a program or activity that receives block grant funds may be suspended if the state fails to comply substantially with any provision of this block grant. No payments will be made until HHS determines there is no longer a failure to comply or that the noncompliance will be promptly corrected. HHS may impose additional sanctions, including recoupment of money improperly expended and disqualification from receipt of financial assistance under this block grant.

Maintenance of Effort

States must provide assurances that grant funds are used only to supplement, not supplant, the amount of federal, state, and local funds expended for the support of child care services and related programs in the state. Regulations, to be issued sometime in 1991, may define what constitutes "current" state funding.

Limitations on Funds

Reimbursement for school-based care is permitted only for non-credit activities outside the regular school day. Funds may not be used to supplant or duplicate the academic program of any public or private school.

Funds may not be used for the construction of facilities except for sectarian agencies or organizations that need to renovate or repair facilities to comply with health and safety requirements.

Actual Funds Available

The appropriations bill establishes $750 million in budget authority for child care. After the budget sequester (an across-the-board cut of 2.4 percent), $732 million remains available for child care. Appropriations are not available for obligation by the federal government until after September 7, 1991; therefore, outlays for child care will not be available for most states until state fiscal year 1992. The Congressional Budget Office (CBO) estimates that only $29 million will be available to states in 1991, because of the September 7 availability date.

The grant formula is based on the number of children in the state under age 5, and the number of children receiving free or reduced-price lunch under the national school lunch program. Both factors are adjusted by the per capita personal income in the state, based on a three-year average. The population data is to be updated annually, and personal income biennially. Three percent of the block grant is reserved for Indian tribes, and 0.5 percent for territories.

States may carry over unspent funds from one fiscal year to the next. Any portion of a state allotment that HHS determines is not required to carry out a state plan shall be reallotted to other states.

The Congressional Budget Office has estimated that outlays for the child care block grant over five years will be $4 billion.

The amount of federal expenditures will depend on the speed of the federal government in establishing the program and processing state applications, how fast states gear up, and how fast states receive advances or reimbursement under the program.

B. Child Care Services Entitlement

A new entitlement for child care services was added under Title IV of the Social Security Act. (This title provides for Aid to Families with Dependent Children, JOBS transitional child care, and other child welfare programs.) The new program is permanently authorized at $300 million a year, effective in fiscal year 1991. Child care is available to any family that the state determines is not on AFDC, needs child care in order to work, and is at risk of becoming dependent on AFDC. The JOBS child care transition regulations are expected to apply to this child care services entitlement. Families must contribute to child care services on a sliding fee scale.

Funds are available to states at the federal medical assistance percentage rate. Administrative costs are reimbursed within the entitlement and matched at the same rate. The grant is to be administered by the agency that administers AFDC.

Eligible Families

Any low-income family that the state determines is not receiving AFDC, needs child care in order to work, and would be at risk of becoming dependent on AFDC may receive child care services. The state agency may provide such care directly, arrange care through providers by contract or voucher, provide cash or vouchers in advance to the family, reimburse the family, or adopt other arrangements as the agency deems appropriate.

The family must pay for child care on a sliding fee scale established by the state agency, based on the family's ability to pay. (The value of child care provided to families shall not be treated as income for purposes of any other program that bases eligibility on need.)

Eligible Providers

Child care providers receiving funds who are not relatives must be licensed, regulated or registered by the state or locality in which care is provided, and must allow parental access. Child care must meet applicable standards of state and local law.

State Requirements

States must establish eligibility requirements, develop a sliding fee scale based on the family's ability to pay, and meet annual reporting requirements (below). It is expected that the requirements of the JOBS transitional child care program will also apply to this entitlement. One of the most controversial provisions is the requirement that federal reimbursement to states is at the 75% percentile of the local market rate. This issue is likely to be revisited during the regulatory process for the entitlement program.

Jason Turner, Director of the Office of Family Assistance in the Family Support Administration of HHS stated that an Action Transmittal will be issued soon to provide states with initial requirements and guidance, and instructions for applying for funds under the entitlement. In the future, states may apply for entitlement funds in an addendum to the state plan for JOBS.

Maintenance of Effort

The grant funds may not be used to supplant any other federal or state funds used for child care services. The only HHS interpretation of this language provided by Mr. Turner is that the state match requirement will be defined as follows. A state may not spend less than it is currently spending on the provision of child care services. Any state funds spent on child care that are not currently matched to any federal program may count towards the entitlement match requirement (at the FMAP rate).

Limitations on Funds

The state agency shall pay the lesser of the actual cost of child care and the applicable local market rate (as determined by the state in accordance with regulations issued by HHS).

Grants available to states for child care and administration are based on the federal medical assistance percentage (FMAP) rates. Each state's allocation is limited by the relative number of children residing in the state to the number of children residing in the U.S.

The current regulations under JOBS prohibit the use of funds for recruitment and training of providers, licensing, or resource development and may apply to this entitlement. However, see Increased Grant for Licensing, Registration and Training (below).

Annual Reports

Beginning with FY 1993, each state shall prepare annual reports on the activities of the state carried out with these funds. The report shall include:

- o the number of children who received child care services and the average cost, separated by center-based, group home, family, and relative care services;
- o the criteria applied in determining eligibility or priority for receiving services, and sliding fee schedules;
- o the child care licensing and regulatory (including registration) requirements in effect;
- o the enforcement policies and practices in effect which apply to licensed and regulated child care providers (including providers required to register).

HHS must establish uniform reporting requirements within 12 months of enactment.

Increased Grant for Licensing, Registration, and Training

An existing grant to states to improve child care licensing and registration requirements was expanded and modified. The authorization was increased to $50 million for fiscal years 1992, 1993 and 1994 to enforce standards and to train child care providers. Half of these funds must be spent for training. The fiscal year 1991 appropriation is $19 million.

Actual Funds Available

While the entitlement of $300 million begins in fiscal year 1991, CBO estimates that states will draw down only 25 percent of the capped entitlement ($75 million) in 1991, increasing to 85 percent in 1995. Of this $75 million, only $45 million will be 1991 outlays, with the balance being reimbursed to states in 1992. CBO estimates the entitlement will cost $.7 billion over 5 years.

This low estimate is due to the state match requirement, at a time when states must increase spending for JOBS and Transitional Child Care programs, and states may obtain funds under the new child care block grant without a state match. Additionally, funds expended under the entitlement must not supplant current state child care spending.

Unused funds may be carried over to the next fiscal year. The Federal Funds Information for States interpretation is that unused allocations will never lapse, but will be continuously added to the following year's allocation.

Unspent funds may not be reallocated among states.

C. Earned Income Tax Credit (EITC)

The child care package expands the Earned Income Tax Credit (EITC), a refundable tax credit available to low-income working families with a child under 19. Two new supplemental credits were added to the basic EITC: a credit for newborns, and a health insurance tax credit. All three credits are indexed for inflation, and are effective in fiscal year 1991.

Current Law: The basic credit amount is 14 percent of earned income up to $7,140, with a maximum possible credit of $1,000 for FY 1991. (These are estimates based on CBO projections for inflation.) The EITC phases out completely for families with $21,242 of adjusted gross income. The credit is payable in advance with wages. Credits are not counted in determining the family's eligibility for food stamps, and are disregarded for some purposes in determining eligibility for AFDC. Families who receive more than half their support from AFDC are not eligible. (The children are considered to be dependents of the state.) Eligible children include children by blood or adoption, stepchildren, grandchildren or foster children.

New Provisions: The EITC is now adjusted for family size. The basic credit amount is increased to 16.7 percent for one child, and 17.3 percent for two or more children. The projected maximum credit for FY 1991 is now $1,192 for families with one child and $1,235 for families with two or more children. The largest increases take effect in 1994. At that time, the credit will be 23 percent and 25 percent, with projected maximum credits of $1,854 and $2,015, respectively.

The new EITC provisions eliminate the requirement that the taxpayer provide over half the support for a child to be eligible for EITC (rendering the receipt of federal means-tested benefits irrelevant to EITC eligibility). EITC will not count for eligibility or benefit levels for AFDC, Medicaid, SSI, or food stamps, effective January 1, 1991. (The effective date for the housing disregard has not yet been determined to be 1991 or 1992). The advance payment for the basic EITC is available January 1, 1991.

Supplemental tax credit for newborns: A new supplemental tax credit of 5 percent was added to the EITC for families with a child under age 1, intended to aid stay-at-home parent(s). The FY 1991 maximum credit is $357, and the projected maximum credit will be $403 in 1994. Families can use the supplemental credit or the dependent care tax credit, but not both.

Health Care Tax Credit: A new child health insurance credit was added for low-income working families. Parents may receive a tax credit for the lower of 6 percent of earned income or the amount of their out-of-pocket expenses for health insurance. The maximum health insurance credit for FY 1991 is $428, and the projected maximum credit will be $484 in FY 1994.

Outreach

The Treasury Department must establish a taxpayer awareness program to inform the public of the availability of EITC and the dependent care tax credit.

Cost

The cost of the EITC credits constitutes the bulk of child care package. CBO estimates the cost of the EITC provisions at $18.3 billion over 5 years. The basic EITC will cost $12.4 billion, the newborn supplemental will cost $.7 billion, and the health care credit will cost $5.2 billion.

D. Related Children's Programs Affected by 1990 Legislation

Head Start: The Augustus F. Hawkins Human Services Reauthorization Act of 1990 reflects a renewed support for Head Start, reauthorizing the program at $2.4 billion for FY 1991 (from $1.4 billion in FY 1990), and increasing to $7.7 billion in 1994. Actual appropriation for FY 1991 is $1.95 billion, an increase of $400 million. (For more information on this Act, see NCSL's State-Federal Issue Brief Vol. 3, No. 6, November 1990.)

Medicaid: The reconciliation bill also expanded medicaid coverage, requiring states to cover all children up to age 19 in families with incomes at or below the federal poverty threshold (effective July 1, 1991). This coverage is phased in over 10 years.

Coordinated Services for Children, Youth and Families: $60 million is authorized for integrating and coordinating federal, state and local programs for children and teenagers. The program includes the Young Americans Act (grants to states to coordinate services to children and encourage greater coordination at federal level); a national clearinghouse on family resource and support program and grants to expand such programs in local communities; the Primary Pediatric Outreach and Care Program, which funds outreach and primary health care for disadvantaged children; and a demonstration grant to help pregnant women and children establish their Medicaid eligibility.

Homeless: Part of the Stewart B. McKinney Homeless Assistance reauthorization authorized $5 million annually for health services for homeless children.

Education and Handicapped Act: Appropriations for handicapped education for infants and toddlers increased from $79.5 million to $117.1 million. The preschool incentive grant increased from $251.5 million to $292.7 million.

IV. Outlook

While the passage of child care legislation has been a major victory for state programs, state legislators will need to work with both Congress and the Administration to ensure that the federal commitment to child care continues through the appropriations and regulatory process.

A. Appropriations

The child care block grant and child care entitlement were included in the domestic spending cap as part of budget reconciliation. However, this does not guarantee appropriations for the block grant, even though budget authority of $732 million was included in FY 1991 appropriations. State legislators will need to ensure that after September 7, 1991, budget authority is available for obligation. Furthermore, states must continue to vigilantly monitor the appropriations process to ensure that the full $825 million authorized for FY 1992 is appropriated. This may be complicated by the new budget process reforms. For the first time, new human services programs will be funded either by new revenues or by cuts in existing programs.

For states with a July to June fiscal year, no child care block grant funds will be available this fiscal year (1991). Due to the funding delay, according to the Congressional Budget Office, states will spend only $29 million in the three weeks that funding will be available in federal fiscal year 1991. The unspent remainder of the $732 million will be available for carryover to federal fiscal year 1992. Thus it will be important for states to demonstrate how these funds will be used as the appropriations process begins for FY 1992. Congress may view the unspent portion of the $732 million as reason to delay the FY 1992 appropriation of $825 million.

B. Regulations

Federal regulations are required to give state and local government and child care providers guidance in the administration of new programs. While the legislation does not require a timetable for regulations, the Department of Health and Human Services anticipates issuing a notice of proposed rulemaking (NPRM) within the next year. State comments will be essential to ensure effective implementation and operation of these new federal programs. The implementation issues which have already been identified as regulatory include the definition of local market rate, data collection and reporting requirements, maintenance of effort clauses, and payment mechanisms. There will be a need to develop coordination among the various programs for children, such as Head Start, Follow Through, Social Services Block Grant, respite care, education for disabled children, the Job Training and Partnership Act, JOBS child care and JOBS transitional child care, the new child care block grant, and state and local child care programs. Additionally, the multiplicity of federal requirements, including different agencies, sliding fees, eligible populations and other requirements of the different child care programs may prove confusing for state and local implementation. It will be essential to find linkages for efficient and cost-effective provision of child care services.

C. Tax Credits

The Earned Income Tax Credit and its child health insurance and newborn supplements present an opportunity for low-income working families who until recently did not have to file taxes. These tax credits are refundable, giving these poor families more of their income in spendable dollars. This is an opportunity for states to publicize these credits and provide outreach to eligible families. While there are no state outreach requirements, an EITC campaign at the state and local level may encourage increased participation and more funds for the working poor. Many state employees may be eligible for the tax credit as well. An added benefit will be an influx of funds into state economies by EITC recipients.

Several states have implemented their own EITC, some linked to the federal tax code. These states may want to adjust their credit to the new requirements. States interested in pursuing a state EITC should refer to *State Tax Relief for the Poor* published by NCSL, or contact the NCSL Fiscal Department in Denver, Colorado for further information.

APPENDICES

Appendix A:

POSSIBLE ANNUAL ALLOCATIONS OF CHILD CARE AND DEVELOPMENT BLOCK GRANT
(federal fiscal years; dollars in thousands)

STATE	1991 SCHOOL LUNCH	1991 CHILDREN 0-6	1991 TOTAL	1991 SHARE	1992	1993
ALABAMA	\$10,501	\$6,637	\$17,138	2.34%	\$19,318	\$21,659
ALASKA	431	829	1,260	0.17%	1,420	1,592
ARIZONA	5,365	6,265	11,630	1.59%	13,109	14,698
ARKANSAS	5,563	3,888	9,451	1.29%	10,653	11,944
CALIFORNIA	37,634	40,862	78,296	10.70%	88,252	98,949
COLORADO	3,371	4,830	8,201	1.12%	9,244	10,364
CONNECTICUT	1,848	3,382	5,230	0.71%	5,895	6,609
DELAWARE	578	905	1,482	0.20%	1,671	1,873
DIST OF COL	891	715	1,606	0.22%	1,810	2,030
FLORIDA	16,562	16,408	32,970	4.50%	37,163	41,668
GEORGIA	12,450	10,448	22,898	3.13%	25,809	28,938
HAWAII	1,297	1,618	2,916	0.40%	3,287	3,685
IDAHO	1,800	1,765	3,566	0.49%	4,019	4,507
ILLINOIS	13,629	15,033	28,662	3.92%	32,307	36,223
INDIANA	5,683	8,157	13,839	1.89%	15,599	17,490
IOWA	3,530	3,994	7,523	1.03%	8,480	9,508
KANSAS	3,093	3,726	6,819	0.93%	7,686	8,618
KENTUCKY	8,085	5,587	13,672	1.87%	15,410	17,278
LOUISIANA	14,350	8,090	22,440	3.07%	25,294	28,360
MAINE	1,325	1,703	3,028	0.41%	3,413	3,827
MARYLAND	3,605	5,715	9,321	1.27%	10,506	11,779
MASSACHUSETTS	3,672	6,200	9,871	1.35%	11,127	12,475
MICHIGAN	9,297	12,851	22,148	3.03%	24,964	27,990
MINNESOTA	4,258	6,192	10,450	1.43%	11,779	13,207
MISSISSIPPI	10,570	4,537	15,107	2.06%	17,028	19,092
MISSOURI	6,599	7,294	13,893	1.90%	15,659	17,557
MONTANA	1,215	1,319	2,534	0.35%	2,856	3,202
NEBRASKA	2,081	2,464	4,545	0.62%	5,123	5,744
NEVADA	699	1,492	2,191	0.30%	2,470	2,769
NEW HAMPSHIRE	433	1,296	1,729	0.24%	1,949	2,185
NEW JERSEY	5,196	8,149	13,344	1.82%	15,043	16,866
NEW MEXICO	4,245	2,995	7,240	0.99%	8,161	9,150
NEW YORK	22,738	21,275	44,064	6.02%	49,667	55,687
NORTH CAROLINA	11,333	9,957	21,289	2.91%	23,996	26,905
NORTH DAKOTA	1,027	1,117	2,144	0.29%	2,417	2,710
OHIO	12,564	15,488	28,052	3.83%	31,619	35,452
OKLAHOMA	6,127	5,229	11,356	1.55%	12,800	14,351
OREGON	3,207	4,029	7,236	0.99%	8,156	9,145
PENNSYLVANIA	11,086	15,115	26,201	3.58%	29,533	33,113
RHODE ISLAND	821	1,265	2,086	0.29%	2,351	2,636
SOUTH CAROLINA	8,016	5,922	13,938	1.90%	15,711	17,615
SOUTH DAKOTA	1,551	1,251	2,802	0.38%	3,159	3,541
TENNESSEE	8,671	7,336	16,007	2.19%	18,043	20,230
TEXAS	36,132	30,090	66,222	9.05%	74,643	83,691
UTAH	3,018	3,911	6,929	0.95%	7,810	8,757
VERMONT	475	801	1,276	0.17%	1,438	1,612
VIRGINIA	5,789	7,748	13,537	1.85%	15,258	17,107
WASHINGTON	4,493	6,455	10,947	1.50%	12,339	13,835
WEST VIRGINIA	3,925	2,458	6,384	0.87%	7,195	8,068
WISCONSIN	4,997	7,061	12,058	1.65%	13,591	15,239
WYOMING	627	801	1,428	0.20%	1,610	1,805
PUERTO RICO	14,188	7,837	22,025	3.01%	24,826	27,835
TERRITORIES	1,812	1,812	3,623	0.50%	4,084	4,579
INDIAN TRIBES	3,660	3,660	7,319	1.00%	8,250	9,250
TOTAL	\$365,963	\$365,963	\$731,925	100.00%	\$825,000	\$925,000

Notes: Funds are allocated among states on the basis of free and reduced price school lunch participation (50 percent) and children age 0-6 (50 percent). Both factors are adjusted for per capita personal income. To the extent the Secretary reserves more than 1 percent for Indian tribes, funds for other jurisdictions will be reduced.

Amounts reflect allocations at fully authorized levels using currently available data. Allocations may change to reflect appropriations levels, or as other data become available. No data on children age 0-6 are published for Puerto Rico, and estimates are based on "aged" estimates from the 1980 census.

Appendix B:

ESTIMATED FEDERAL AND STATE SPENDING FOR THE JOBS CHILD CARE BLOCK GRANT
(federal fiscal years; dollars in thousands)

STATE	FMAP 1991	FMAP 1992	1991 FEDERAL	1991 STATE	1991 TOTAL	1992 FEDERAL	1992 STATE	1992 TOTAL
ALABAMA	72.73	72.93	$5,064	$1,899	$6,963	$5,064	$1,880	$6,944
ALASKA	50.00	50.00	812	812	1,625	812	812	1,625
ARIZONA	61.72	62.61	4,679	2,902	7,581	4,679	2,794	7,473
ARKANSAS	75.12	75.66	2,977	986	3,963	2,977	958	3,935
CALIFORNIA	50.00	50.00	37,093	37,093	74,186	37,093	37,093	74,186
COLORADO	53.59	54.79	4,116	3,564	7,680	4,116	3,396	7,511
CONNECTICUT	50.00	50.00	3,528	3,528	7,057	3,528	3,528	7,057
DELAWARE	50.00	50.12	789	789	1,577	789	785	1,576
DIST OF COL	50.00	50.00	682	682	1,364	682	682	1,364
FLORIDA	54.46	54.69	13,455	11,252	24,707	13,455	11,148	24,603
GEORGIA	61.34	61.78	8,290	5,225	13,515	8,290	5,129	13,419
HAWAII	56.14	52.57	1,376	1,165	2,541	1,376	1,241	2,617
IDAHO	73.65	73.26	1,423	509	1,932	1,423	520	1,943
ILLINOIS	50.00	50.00	13,942	13,942	27,884	13,942	13,942	27,884
INDIANA	63.26	63.85	6,707	3,899	10,606	6,707	3,797	10,504
IOWA	63.41	65.04	3,303	1,906	5,209	3,303	1,775	5,079
KANSAS	57.35	59.23	3,131	2,329	5,460	3,131	2,155	5,286
KENTUCKY	72.96	72.82	4,412	1,635	6,047	4,412	1,647	6,059
LOUISIANA	74.48	75.44	6,019	2,062	8,081	6,019	1,960	7,979
MAINE	63.49	62.40	1,400	805	2,204	1,400	843	2,243
MARYLAND	50.00	50.00	5,456	5,456	10,911	5,456	5,456	10,911
MASSACHUSETTS	50.00	50.00	6,233	6,233	12,465	6,233	6,233	12,465
MICHIGAN	54.17	55.41	11,261	9,528	20,789	11,261	9,062	20,324
MINNESOTA	53.43	54.43	5,343	4,657	10,000	5,343	4,473	9,816
MISSISSIPPI	79.93	79.99	3,546	890	4,437	3,546	887	4,433
MISSOURI	59.82	60.84	6,090	4,091	10,181	6,090	3,920	10,010
MONTANA	71.73	71.70	1,026	404	1,430	1,026	405	1,431
NEBRASKA	62.71	64.50	1,993	1,185	3,177	1,993	1,097	3,089
NEVADA	50.00	50.00	1,328	1,328	2,657	1,328	1,328	2,657
NEW HAMPSHIRE	50.00	50.00	1,305	1,305	2,609	1,305	1,305	2,609
NEW JERSEY	50.00	50.00	8,474	8,474	16,948	8,474	8,474	16,948
NEW MEXICO	73.38	74.33	2,153	781	2,934	2,153	743	2,896
NEW YORK	50.00	50.00	20,340	20,340	40,681	20,340	20,340	40,681
NORTH CAROLINA	66.60	66.52	7,508	3,765	11,273	7,508	3,779	11,286
NORTH DAKOTA	70.00	72.75	854	366	1,220	854	320	1,174
OHIO	59.93	60.63	13,029	8,711	21,740	13,029	8,460	21,489
OKLAHOMA	69.65	70.76	3,991	1,739	5,730	3,991	1,651	5,642
OREGON	63.50	63.55	3,268	1,878	5,146	3,268	1,874	5,142
PENNSYLVANIA	56.64	56.84	13,100	10,028	23,128	13,100	9,947	23,047
RHODE ISLAND	53.74	53.29	1,073	924	1,997	1,073	941	2,014
SOUTH CAROLINA	72.58	72.66	4,394	1,660	6,054	4,394	1,653	6,048
SOUTH DAKOTA	71.69	72.59	931	368	1,299	931	352	1,283
TENNESSEE	68.57	68.41	5,734	2,628	8,363	5,734	2,648	8,382
TEXAS	63.53	64.18	23,626	13,447	36,871	23,624	13,073	36,497
UTAH	74.89	75.11	3,054	1,024	4,078	3,054	1,012	4,066
VERMONT	61.97	61.37	658	404	1,062	658	416	1,072
VIRGINIA	50.00	50.00	6,891	6,891	13,782	6,891	6,891	13,782
WASHINGTON	54.21	54.98	5,752	4,859	10,611	5,752	4,710	10,462
WEST VIRGINIA	77.00	77.68	2,070	618	2,688	2,070	595	2,664
WISCONSIN	59.62	60.38	5,877	3,980	9,857	5,877	3,856	9,733
WYOMING	68.16	69.10	646	302	949	646	289	935
PUERTO RICO	50.00	50.00	0	0	0	0	0	0
TERRITORIES	50.00	50.00	0	0	0	0	0	0
TOTAL	N/A	N/A	$300,000	$225,249	$525,249	$300,000	$222,274	$522,274

Note: Assumes funds will be distributed on the basis of the number of children age 0-13.

Appendix C:

CHILD CARE AT A GLANCE

	Block Grant	Entitlement (under JOBS)
Funds	$732 million in budget authority for FY 1991	$300 million/year permanent authorization
Effective Date	Appropriations available 9/7/91	Immediately available
Federal Agency	Office of Human Development Services, HHS	Family Support Administration, HHS
State Agency	Lead agency chosen by governor	Agency that administers AFDC
Eligible Families	(1) income 75% (or less) of state median income (2) parents work, are in training, or attend educational program (3) child under 13 years old	State determines as follows: (1) not on AFDC (2) need childcare to work (3) at risk of becoming dependent on AFDC
Use of Funds	75% for child services; 18.75% to increase availability of early childhood development and before and after school services; 5% quality; 1.25% either for quality or availability.	Child care available to eligible families; $50 million for licensing, registration and training (preexisting grant in JOBS).
State Match	None	At FMAP rate
Carry Over	Permitted	Permitted
Maintenance of Effort	Funds must not supplant current state spending.	Funds must not supplant current state spending.
Administration	Costs covered within grant (no earmark)	Funded at FMAP rate
Eligible Providers	Center-based, group home, family, or other provider that is licensed, regulated or registered under state law, and satisfies applicable state and local requirements; or, someone who provides child care only to his or her grandchild, niece or nephew.	Non-relative child care providers receiving funds must be licensed, regulated or registered by the state or locality in which care is provided.
Vouchers	State program must be in effect by Oct. 1992.	Can be used.
Standards	State must certify that state or local law establishes minimum health and safety requirements. Providers must comply with applicable licensing and regulatory requirements. Providers not required to be licensed or regulated (sectarian providers) must be registered.	All applicable standards of state and local law. Standards set under the block grant will apply. Non-relative providers must be licensed, regulated or registered.

Note: Regulations to be issued in 1991.

Appendix D:

EITC AT A GLANCE

	Current Law (All family sizes)	New Provisions 1 Child	New Provisions 2 or more
Basic EITC			
% Rate	14%	16.7%	17.3%
Maximum Credit 1991	$1000	$1192	$1235
Maximum % 1994	14%	23%	25%
Maximum Credit 1994	$1128	$1854	$2015
Newborn (5% supplemental)			
Maximum credit 1991	N/A	$357	
Maximum Credit 1994	N/A	$403	
Health Care Tax Credit			
Maximum credit 1991	N/A	$428	
Maximum Credit 1994	N/A	$484	

These estimates are based on the projected Consumer Price Index inflation rate of 4.8% for 1990, 4.2% for 1991 and 1992, and 4% for 1993 (Congressional Budget Office).

Note: Families may use either the newborn supplemental credit, or the Dependent Care Tax Credit, but not both.

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