

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is a darker shade of blue. The hourglass is centered on the page.

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Report RL30785

*The Child Care and Development Block Grant: Background
and Funding*

Melinda Gish, Domestic Social Policy Division

February 8, 2008

Abstract. Federal funding levels for child care assistance continue to be a source of debate, in the context of increased work requirements for single welfare mothers, those leaving welfare for work, and low-income working families in general. Moreover, the quality of available child care services, and the relationship of child care programs to the broader world of early childhood education and care remain active concerns of Congress. This report provides background information on the CCDBG.

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The Child Care and Development Block Grant: Background and Funding

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Summary

Several federal programs support child care for low-income families, the principal being a federal block grant program: The Child Care and Development Block Grant (CCDBG). The CCDBG is administered by the Department of Health and Human Services (HHS) and provides allotments to states, according to a formula, which are used to subsidize the child care expenses of low-income families with children under age 13. The CCDBG is currently due to be reauthorized.

The CCDBG was first enacted under the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) and authorized through FY1995. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-193) amended and reauthorized the CCDBG through FY2002, and repealed the legislative authority for previous child care programs for low-income working and welfare families under the program formerly known as Aid to Families with Dependent Children (AFDC). The CCDBG provides funding for child care services for low-income families, as well as for activities intended to improve the overall quality and supply of child care for families in general. The child care provisions in the 1996 law were developed to achieve several purposes. As a component of welfare reform, the 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 attempted to address concerns about the effectiveness and efficiency of child care programs. The child care provisions in P.L. 104-193 were also intended to streamline the federal role, reduce the number of federal programs and conflicting rules, and increase the flexibility provided to states.

The CCDBG is funded through a combination of discretionary and capped entitlement funding, referred to by HHS as the Child Care and Development Fund (CCDF). Discretionary funds are subject to the annual appropriations process, and \$2.062 billion is appropriated for FY2008. The President has requested this same level of discretionary funding in his budget for FY2009. The capped entitlement (i.e., mandatory) funding was previously provided at the amounts specified in the 1996 law, but this only covered FY1997-FY2002. Temporary extensions provided funding into FY2006, and on February 8, 2006, a spending budget reconciliation bill was enacted into law (P.L. 109-171), increasing mandatory child care funding by \$1 billion over five years (for a total amount of \$2.917 billion for each of FYs 2006-2010).

Federal funding levels for child care assistance continue to be a source of debate, in the context of increased work requirements for single welfare mothers, those leaving welfare for work, and low-income working families in general. Moreover, the quality of available child care services, and the relationship of child care programs to the broader world of early childhood education and care remain active concerns of Congress.

This report provides background information on the CCDBG and will be updated as necessary.

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Introduction

The Child Care and Development Block Grant (CCDBG) is the primary source of federal funding dedicated solely for child care subsidies for low-income working and welfare families.¹ The program is administered by the Department of Health and Human Services (HHS), and provides block grants to states, according to a formula, which are used to subsidize the child care expenses of families with children under age 13. In addition to providing funding for child care services, funds are also used for activities intended to improve the overall quality and supply of child care for families in general.

The CCDBG, originally authorized as a component of the Omnibus Budget Reconciliation Act of 1990, was reauthorized in 1996 (through 2002) and substantially amended by the Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193), commonly referred to as welfare reform legislation. The CCDBG, as amended by the 1996 law, also consolidated three federal child care programs previously serving low-income working and welfare families under the former federal welfare program known as Aid to Families with Dependent Children (AFDC). The 1996 law significantly changed federal child care policy by giving states more flexibility to design child care policies for low-income families.

The child care provisions in the 1996 law were developed to achieve several purposes. As a component of welfare reform, the 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 attempted to address concerns about the effectiveness and efficiency of child care programs. The previous four separate child care programs (the original CCDBG and the three AFDC programs) had different rules regarding eligibility, time limits on the receipt of assistance, and work requirements. Consistent with other block grant proposals considered back in the 104th Congress, the child care provisions in P.L. 104-193 were intended to streamline the federal role, reduce the number of federal programs and conflicting rules, and increase the flexibility provided to states.

P.L. 104-193 also created a cash welfare block grant called Temporary Assistance for Needy Families (TANF) to replace AFDC. In addition to amounts provided to states for child care under the CCDBG, states are allowed to transfer up to 30% of their TANF block grant into their CCDBG program.

Both the CCDBG and TANF were originally authorized through FY2002, and for fiscal years 2003-2005, the mandatory portion of child care funding, as well as TANF funding, were continued (at the FY2002 rates) through a series of temporary extensions. Mandatory child care and TANF funding for FY2006-2010 was eventually included as part of a budget spending reconciliation bill (S. 1932, 109th Congress) and signed into law (P.L. 109-171) on February 8, 2006. Funding for the discretionary portion of the CCDBG has been appropriated without an authorization through the annual appropriations process each year since FY2002. Federal funding levels for child care assistance have been and continue to be a source of debate, in the context of increased work requirements for single welfare mothers, those leaving welfare for work, and low-income working families in general. Moreover, the quality of available child care services and the

¹ The second-largest source of federal support for child care is the Dependent Care Tax Credit, which is a non-refundable tax credit to offset some of the child care expenses of working families with children under 13.

relationship of child care programs to the broader world of early childhood education and care remain active concerns of Congress.

Goals

The 1996 law established five goals for the CCDBG. They include allowing states maximum flexibility in developing their child care programs; promoting parental choice; encouraging states to provide consumer education information to parents; helping states provide child care to parents trying to become independent of public assistance; and helping states implement health, safety, licensing and registration standards established in state regulations.

Administration

At the federal level, the CCDBG is administered by the Administration for Children and Families (ACF) within HHS. Regulations implementing the 1996 amendments to the CCDBG were published on July 24, 1998. States are required to designate a lead agency to administer the CCDBG, and may use no more than 5% of their federal allotment for administrative costs. States have tremendous flexibility in the design and operation of their child care policies, but federal law establishes a set of requirements that states must meet in order to receive CCDBG funds. The responsibilities of the lead agency are to administer federal funds, develop a state plan, and coordinate services with other federal, state or local child care and early childhood development programs.

Funding²

The CCDBG is funded by a combination of discretionary and entitlement funding. The combined total of funds is referred to by HHS as the Child Care and Development Fund (CCDF).

Discretionary Funds

Discretionary funds are subject to the annual appropriations process, and the amended CCDBG of 1996 authorized them through FY2002 at an annual authorization level of \$1 billion. Actual appropriations have surpassed the authorized level, reaching approximately \$2.1 billion in each of FY2002-FY2008 (see **Table 1**). In years since FY2002, appropriations have been made without an authorization level. These discretionary funds are allocated among states according to a formula that is based on each state's share of children under age five, the state's share of children receiving free or reduced-price lunches, and state per capita income. Half of 1% of appropriated funds is reserved for the territories, and between 1% and 2% 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.

² For a detailed discussion of child care funding history and the financing of the CCDBG, see CRS Report RL31274, *Child Care: Funding and Spending under Federal Block Grants*, by Melinda Gish.

President's FY2009 Budget Request

On February 4, 2008, the Administration released its proposed budget for FY2009, which would maintain both the discretionary and mandatory portions of the CCDBG at current levels (\$2.062 billion and \$2.917 billion respectively).

FY2008 Appropriation

The Consolidated Appropriations Act of 2008 was signed into law (P.L. 110-161) on December 26, 2007 (following a series of continuing resolutions, as well as a presidential veto of conference agreement H.Rept. 110-424). The funding for the CCDBG, as with most programs covered by the act, are subject to an across-the-board reduction of 1.747%. The resulting funding level for the CCDBG in FY2008 is \$2.062 billion (the same level of funding that was provided for FY2007).

FY2007 Appropriation

The FY2007 appropriations process consisted of a series of four continuing resolutions. The fourth continuing resolution (CR), P.L. 110-5, signed into law February 15, 2007, provided \$2.062 billion in funding for the CCDBG—the same level requested in the President's budget for FY2007, and the same level as provided in FY2006.

President's FY2008 Budget Request

The President's budget for FY2008 proposed to maintain both the discretionary and mandatory portions of CCDBG funding at their FY2006 levels: \$2.062 billion and \$2.917 billion, respectively.

FY2006 Appropriation

A bill making FY2006 appropriations for the Departments of Labor, Health and Human Services (HHS), and Education (H.R. 3010) was signed into law (P.L. 109-149) by the President on December 30, 2005, following three continuing resolutions. The law includes \$2.062 billion for the CCDBG. (Like other discretionary programs funded under the law, the CCDBG funding was subject to an across-the-board rescission of 1%, which is reflected in the \$2.062 billion amount.) The law includes just under \$19 million for child care resource and referral and school-aged child care activities (of which \$982,000 is for the Child Care Aware hotline); \$267 million for quality child care activities (of which \$98.2 million is to be dedicated to improving infant and toddler care); and \$9.8 million for child care research and evaluation.

Entitlement Funds

The welfare reform law also provided entitlement (or "mandatory") funding to states for child care under the CCDBG. The annual amounts of entitlement funding were \$1.967 billion in FY1997; \$2.067 billion in FY1998; \$2.167 billion in FY1999; \$2.367 in FY2000; \$2.567 billion in FY2001; and \$2.717 billion in FY2002. These amounts were directly appropriated by the welfare reform law. Funding through FY2005 was extended (at the FY2002 rate of \$2.717 billion annually) via a series of continuing resolutions, while welfare reauthorization legislation was debated in each of the years, without reaching fruition. Finally, on February 8, 2006, a spending

budget reconciliation bill (S. 1932), which included welfare and mandatory child care funding provisions, was passed into law (P.L. 109-171). The law provides \$2.917 billion annually for each of fiscal years 2006-2010.

The Secretary must reserve between 1% and 2% of entitlement funds for payments to Indian tribes and tribal organizations. After this amount is reserved, remaining entitlement 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 child care programs previously authorized under AFDC in FY1994 or FY1995, or the average of FY1992-FY1994, whichever is greater. This amount equals \$1.2 billion each year, and is sometimes referred to as “guaranteed mandatory” funds. No state match is required for these funds, which may remain available for expenditure by states with no fiscal year limitation.

Second, remaining entitlement funds (following distribution of the “guaranteed” portion, and up to the total amounts listed above) are allocated to states according to each state’s share of children under age 13. States must meet maintenance-of-effort and matching requirements to receive these funds. Specifically, states must spend all of their “guaranteed” federal entitlement funds for child care described above, plus 100% of the amount they spent of their own state funds in FY1994 or FY1995, whichever is higher, under the previous AFDC-related child care programs. Further, states must provide matching funds at the Medicaid matching rate to receive these additional entitlement 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.

Beginning in FY1997, the treatment of CCDBG funding in the appropriations process was changed to reflect states’ actual obligation of money for the program. Prior to FY1997, the funds appropriated for the CCDBG only became available for obligation by the states in the last month of the year in which they were appropriated. As a result, most of a given year’s appropriation was actually obligated during the next fiscal year. With the enactment of the FY1997 appropriations law, that practice was changed so that the CCDBG was officially advance funded by an entire year. In other words, the FY1997 appropriation became available for obligation at the beginning of FY1998 (rather than the end of FY1997). As a result of this change, only \$19 million was appropriated in FY1997 specifically for FY1997; this amount was added to funds previously appropriated and available for obligation at the end of FY1996. The bulk of the FY1997 appropriation—\$937 million—was to become available in FY1998. This practice of advance funding continued in FY1999-FY2001, and is shown in **Table 1**.

Table 1. Funding Trends in the CCDBG, FY1997-FY2008

(\$ in millions)

Discretionary Funding					
Fiscal Year	Advance Appropriation from Prior Year	Same Year’s Appropriation	All Available Funds for FY	Entitlement Funding	Total
1997	0 ^a	19 ^a	19 ^a	1,967	1,986 ^a
1998	937	66	1,002	2,067	3,069
1999	1,000	0	1,000	2,167	3,167
2000	1,183	0	1,183	2,367	3,550

Discretionary Funding					
Fiscal Year	Advance Appropriation from Prior Year	Same Year's Appropriation	All Available Funds for FY	Entitlement Funding	Total
2001	1,183	817	2,000	2,567	4,567
2002	0	2,100	2,100	2,717	4,817
2003	0	2,086 ^b	2,086 ^b	2,717 ^c	4,803 ^b
2004	0	2,087 ^d	2,087 ^d	2,717 ^e	4,804 ^d
2005	0	2,083 ^f	2,083 ^f	2,717 ^g	4,800 ^f
2006	0	2,062 ^h	2,062 ^h	2,917 ⁱ	4,979
2007	0	2,062 ⁱ	2,062	2,917 ⁱ	4,979
2008	0	2,062 ^k	2,062	2,917 ⁱ	4,979

Source: Table prepared by the Congressional Research Service (CRS) using annual Health and Human Services, Administration for Children and Families budget justifications and appropriations legislation for relevant years.

- a. What appears in the table to be limited discretionary CCDBG funding in FY1997, and consequently, in total funding, actually reflects a shift to advance appropriating of funds for the following fiscal year. The FY1997 appropriation law provided \$956 million for CCDBG, with only \$19 million available immediately during FY1997, and the remainder available on Oct. 1, 1997 (the first day of FY1998). In earlier years the funds appropriated for CCDBG became available for obligation only in the last month of the given fiscal year, and therefore most of the appropriation for a given year (\$935 million in FY1996) was actually obligated in the following fiscal year.
- b. The figure shown reflects the 0.65% “across-the-board” cut included in the Consolidated Appropriations Resolution, 2003 (P.L. 108-7).
- c. P.L. 108-40 extended mandatory funding for CCDBG through the final quarter of FY2003, at the FY2002 rate.
- d. The figure shown reflects the 0.59% “across-the-board” cut included in the Consolidated Appropriations Act, 2004 (P.L. 108-199).
- e. P.L. 108-262 extended mandatory funding for CCDBG through Sept. 30, 2004, at the FY2002 rate (which was also maintained during FY2003).
- f. The figure shown reflects the 0.8% “across-the-board” cut included in the Consolidated Appropriations Act, 2005 (P.L. 108-447).
- g. P.L. 108-308 extended (and maintained) mandatory funding for CCDBG through Mar. 31, 2005, at the FY2002 rate. P.L. 109-19 extended (and maintained) the funding through Sept. 30, 2005.
- h. The figure shown reflects the 1% “across-the-board” cut included in the FY2006 Defense Appropriations Act (P.L. 109-148) that applies to discretionary programs funded by P.L. 109-149. Prior to the rescission, funding was set at \$2.083 billion.
- i. The Deficit Reduction Act (S. 1932/P.L. 109-171), provides \$2.917 billion in mandatory child care funding for each of fiscal years 2006-2010.
- j. FY2007 funding was provided via four continuing resolutions, the last of which was P.L. 110-5.
- k. This amount reflects the 1.747% across-the-board cut included in the Consolidated Appropriations Act of 2008 (P.L. 110-161).

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Transfer of Funds from TANF

As previously stated, in addition to amounts provided to states specifically for child care (shown in **Table 1**), states may also transfer up to 30% of their TANF block grant allotment into their CCDBG. Funds transferred into child care must be spent according to the CCDBG rules. The FY2006 transfer from the FY2006 TANF allotment to the CCDBG totaled \$1.925 billion (representing 12% of the TANF allotment). It should be noted, however, that 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 FY2006 (as opposed to from the FY2006 TANF allotment) comes to \$1.878 billion. Nothing in the act precludes a state from using TANF funds for child care services without formally transferring them to the CCDBG, in which case CCDBG rules do not necessarily apply. HHS reports that in FY2006, states spent \$1.238 billion in federal TANF money on child care within the TANF program.

Eligible Children and Families

Federal law states that children eligible for services under the CCDBG are those whose family income does not exceed 85% of the state median. However, states have the discretion to adopt income eligibility limits below this federal maximum. 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 state plan as “very low income.”

To be eligible for CCDBG 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. States must use at least 70% of their total entitlement funds for child care services for families who are receiving public assistance under TANF, families who are trying to become independent of TANF through work activities, and families who are at risk of becoming dependent on public assistance. In their state plans, states must demonstrate how they will meet the specific child care needs of these families. Of their remaining child care funds (including discretionary funds), 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. HHS estimates that about 1.8 million children received child care subsidies funded by the CCDBG in an average month in 2006.

Application and Plan

To receive federal funding for child care, states must submit an application and plan to HHS. After an initial three-year plan, required by the original CCDBG Act in 1990, states are required to submit plans that cover a two-year period. State plans must certify that their programs will include certain elements. Specifically those plans must certify the following.

Parental Choice

Parents of children eligible to receive subsidized child care must be given the option to enroll their child with a provider that has a grant or contract with the state program to provide such services, or to receive a child care certificate or voucher that can be used with a provider of the parents' choice. The certificate may be in the form of a check or other disbursement directly to

the parent, but must be used for child care services only. State plans must include a detailed description of how this parental choice provision is implemented. Under the CCDBG Act, eligible child care providers can include individuals, age 18 and older, who provide child care services for their grandchildren, great grandchildren, siblings (if the provider lives in a separate residence), nieces, or nephews.

Parental Access

States must have procedures to ensure that child care providers receiving subsidies will give parents unlimited access to their children and to providers, while the children are in care. State plans must include a detailed description of these procedures.

Parental Complaints

States are required to maintain a record of substantiated complaints made by parents, and to make information about these complaints publicly available upon request. The state plan must include a detailed description of how this record is maintained and made available.

Consumer Education Information

Under the CCDBG Act, states must collect and disseminate, to parents of eligible children and to the general public, consumer education information that will promote informed child care choices. At a minimum, the information must include information about the full range of providers available, and health and safety requirements.

Licensing and Regulation

States must have in effect licensing requirements applicable to child care services provided within the state, and state plans must include a detailed description of these requirements and how they are effectively enforced. Federal law does not dictate what these licensing requirements should be or what types of providers they should cover. The 1996 law specifies that this provision shall not be construed to require that licensing requirements be applied to specific types of providers. The conference report on the 1996 law further states that the legislation is not intended to either prohibit or require states to differentiate between federally subsidized child care and nonsubsidized child care with regard to the application of specific standards and regulations.

Health and Safety Requirements

States must have in effect, under state or local law, health and safety requirements that are applicable to child care providers; and states must have procedures in effect to ensure that subsidized child care providers (including those receiving child care certificates) comply with applicable health and safety requirements. States must have health and safety requirements in the following areas: prevention and control of infectious diseases (including immunization), building and physical premises safety, and health and safety training.

Use of Funds

CCDBG funds may be used for child care services provided on a sliding fee scale basis. However, federal regulations allow states to waive child care fees for families with incomes at or below the poverty guidelines. HHS has suggested that a family's fee be no more than 10% of its income. States may use this 10% limit as a guide in deciding the amount of the fee, but are not required to do so. Funds may also be used for activities to improve the quality or availability of child care, or any other activity considered appropriate by the state to achieve the goals described above.

The 1996 law expands the definition of "child care certificate" to allow these vouchers or disbursements to be used as a deposit for child care services, if such deposits are required of other children cared for by the same provider.

The CCDBG prohibits the use of funds for the purchase or improvement of land or buildings, with a limited exception for sectarian organizations. The 1996 law also added an exception for Indian tribes and tribal organizations, subject to the Secretary's approval.

Payment for Child Care Services

States must establish payment rates for child care services that are sufficient to ensure equal access for eligible children to comparable services provided to children whose parents are not eligible for subsidies. However, states no longer have to consider variations in costs of serving children in different settings, of different age groups, and with special needs (this was required in the pre-1996 law). State plans must include a summary of the facts relied upon by the state to determine the sufficiency of their payment rates to ensure equal access. HHS suggests that states establish payment rates equal to at least the 75th percentile of the market rate to ensure equal access for eligible families. However, federal law does not require that payments be set at this rate.

Quality and Availability Improvement

No less than 4% of expenditures made from states' child care allotments (discretionary and entitlement) is to be made 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).

Federal Enforcement

The Secretary must coordinate child care activities within HHS, and, to the extent practicable, with similar activities in other federal agencies. The Secretary also is required to publish a list of child care standards every three years, and to provide technical assistance to states. The Secretary must monitor state compliance with the statute and state plans, and must establish procedures for receiving and assessing complaints against a state.

Upon finding that a state is out of compliance with either the statute or state plan, the Secretary is authorized to require that the state reimburse the federal government for any misspent funds, or to

withhold the amount from the administrative portion of the state's allotment for the next fiscal year, or to take a combination of these steps.

States also must arrange for independent audits of their programs, and must repay the federal government for any funds that are found to have been misspent, or the Secretary may offset these amounts against future payments due to the state.

Data Collection

Federal law specifies a set of data reporting requirements for states in the administration of their CCDBG programs. States must submit disaggregated data on children and families receiving assistance to HHS every quarter, and aggregated data twice a year. The law further requires the Secretary to submit a report to Congress once every two years. The most recent available published report to Congress is for both FY2002 and FY2003.³ However, select data from more recent years, including FY2006, are available on the HHS website.⁴

Specifically, the law requires states to collect the following information on each family unit receiving assistance, to be included in quarterly reports: family income; county of residence; gender, race, and age of children receiving assistance; whether the family includes only one parent; sources of family income, separately identified and including amounts; number of months the family has received benefits; the type of child care received; whether the child care provider was a relative; the cost of child care; and the average hours per week of care.

Aggregate data to be reported every six months include the number of child care providers that receive funding under this program, separately identified by type; the monthly cost of child care services, and the portion that is subsidized by this program, identified by type of care; the number of payments made by the state through vouchers, contracts, cash, and disregards under public benefit programs, identified by type of child care provided; the manner in which consumer education information was provided and the number of parents to whom it was provided; and the total unduplicated number of children and families served by the program.

Religious Providers

Under the CCDBG, religious providers may receive assistance on the same basis as nonsectarian providers. However, religious providers may use funds for construction assistance, which is generally prohibited for other providers, to the extent necessary to bring facilities into compliance with health and safety requirements. Use of funds for religious activities, including sectarian worship or instruction, is generally prohibited under the CCDBG Act. However, this prohibition does not apply to funds received by child care providers in the form of child care certificates, if such sectarian child care services are freely chosen by the parent.

Child care providers that receive funding under the act may not discriminate in their admissions policy against a child on the basis of religion, with the exceptions of family child care providers

³ Annual report to Congress covering FY2002 and FY2003, available at http://www.acf.dhhs.gov/programs/ccb/ccdf/rtrc/rtrc2002/rtrc_general/2002_2003.htm.

⁴ See <http://www.acf.dhhs.gov/programs/ccb/data/index.htm>.

(i.e., individuals who are the sole caregiver for children in a private home) or providers who receive assistance through child care certificates. However, sectarian providers may reserve unsubsidized slots for children whose families regularly participate in their organization's activities, unless 80% or more of their operating budget comes from federal or state funds, including child care certificates.

In their employment practices, child care providers receiving assistance under the act may not discriminate on the basis of religion if the employee's primary responsibility is working directly with children in the delivery of child care services. However, in considering two or more qualified candidates, sectarian providers may select an individual who regularly participates in their organization's activities. In addition, sectarian organizations may require employees to adhere to their religious tenets or teachings and to rules forbidding the use of drugs or alcohol, unless 80% or more of their operating budget comes from federal or state funds, including child care certificates.

P.L. 104-193 contains a section that deals with services provided by charitable, religious or private organizations under the TANF program.⁵ This provision also applies to child care services funded under TANF. The provision, commonly referred to as "charitable choice," is intended to allow states to provide services through charitable and religious organizations, without impairing the religious character of these organizations or the religious freedom of individuals who participate in the programs.

Indian Tribes and Tribal Organizations

As described earlier, the Secretary is required to reserve between 1% and 2% of all child care funds (both discretionary and entitlement), for payments to Indian tribes and tribal organizations. The Secretary is required to allocate among other tribes and organizations any funds that an Indian tribe or tribal organization does not use in a manner consistent with the statute.

Indian tribes and tribal organizations are required to submit applications to receive these reserved funds. Applications must show that the organization seeking funds will coordinate with the lead agency in the state, that activities will benefit Indian children on reservations, and that reports and audits will be prepared. The Secretary, in consultation with the tribes and tribal organizations, will develop minimum child care standards that reflect tribal needs and available resources that will apply in lieu of licensing and regulatory requirements otherwise applicable under state or local law.

As stated earlier, the CCDBG Act prohibits use of funds for construction or renovation of facilities. However, the law allows Indian tribes and tribal organizations to submit a request to the Secretary to use funds for these purposes. The Secretary may approve the request after a determination that adequate facilities are not otherwise available and that the lack of such facilities will inhibit the operation of child care programs in the future. The Secretary may not approve the request if it will reduce the level of child care services provided from the level provided by the tribe or organization in the previous year.

⁵ For a discussion of this provision, see CRS Report RL32736, *Charitable Choice Rules and Faith-Based Organizations*, by Joe Richardson.

Additional Reading

CRS Report RL31274, *Child Care: Funding and Spending under Federal Block Grants*, by Melinda Gish.

CRS Report RL32817, *Child Care Issues in the 109th Congress*, by Melinda Gish.

CRS Report RL32241, *Child Care Reauthorization: A Side-by-Side Comparison of Child Care Provisions in H.R. 4, S. 880 (108th Congress), and Current Law*, by Melinda Gish.

CRS Report RS22369, *TANF, Child Care, Marriage Promotion, and Responsible Fatherhood Provisions in the Deficit Reduction Act of 2005 (P.L. 109-171)*, by Gene Falk.

CRS Report RL33418, *Welfare Reauthorization in the 109th Congress: An Overview*, by Gene Falk, Melinda Gish, and Carmen Solomon-Fears.

U.S. General Accounting Office. *Child Care: States Exercise Flexibility in Setting Reimbursement Rates and Providing Access for Low-Income Children*. GAO-02-894, September 2002.

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