

**CHILD CARE FUNDING:
THE REPUBLICAN BILL PROVIDES
INCREASED CHILD CARE FUNDS TO SUPPORT MORE WORK**

The Republican bill increases child care funds by \$400 million per year over historic high level maintained in the President's proposal.

- Child care funds have more than TRIPLED under welfare reform, rising from \$3 billion in 1995 to \$9.4 billion in 2000 (counting Child Care and Development Block Grant (CCDBG) and TANF funds).
- The President's plan maintains \$4.8 billion in funds for the CCDBG each year, an all-time high for this program.
- The Republican bill adds another \$2 billion (\$1 billion in mandatory, and \$1 billion in discretionary) over five years in funds available for the Child Care and Development Block Grant (CCDBG).

The Republican bill also allows States to transfer more TANF funds into the CCDBG – this could result in \$3+ billion more added to this block grant.

- Transfer authority would rise from 30% to 50%. Thus, an extra 20% of TANF funds, or \$3+ billion of the \$16.6 billion TANF block grant, can be spent through the CCDBG.
- The CCDBG program serves many families that are not eligible for welfare programs. Thus, increases in the CCDBG could translate to increased support for working poor families, regardless of whether or not they were ever on welfare. As more families leave welfare, such needs will rise.

Claims that the \$2 billion increase in Child Care funds provided under the Republican bill is insufficient are unsupported by history and facts.

- In 1995 and 1996, many "experts" claimed billions more was needed to meet the program's requirements. Yet, more than \$7 billion in TANF funds sit unused in the Federal Treasury, according to the most recent reports.
- Many States will have to impose or increase work requirements on current recipients (for example, 14 States now don't require any activity from recipients for the first 24-30 months on assistance). This and the update credit for net caseload reduction will cause caseloads to decline again, freeing up more resources for child care.
- Spending increases in child care have outpaced entry into the workforce of single mothers. The employment rate for this group increased 23% between 1996 and 2000, while spending increased 200% during that period.

- Yet calls for increased spending rarely have any rational basis for a particular amount – \$5 billion, \$11 billion, \$20 billion – there seems to be no limit.

Many families choose to use informal child care arrangements instead of government day care options.

- When subsidies are offered to working families on welfare or leaving welfare, less than half actually take the subsidies. This shows many parents find other preferable arrangements – often through a grandparent or neighbor.