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CHILD CARE

States Increased Spending on Low-Income Families

Accountability * Integrity * Reliability

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Contents

Abbreviations

ACF	Administration for Children and Families
AFDC	Aid to Families with Dependent Children
CCDBG	Child Care and Development Block Grant
CCDF	Child Care and Development Fund
CCRR	child care resource and referral agency
MOE	maintenance of effort
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
SMI	state median income
SSBG	Social Services Block Grant
TANF	Temporary Assistance for Needy Families

United States General Accounting Office
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The Honorable Wally Herger
Chairman, Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

The Honorable Nancy Johnson
House of Representatives

Since the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), child care has become one of several important services provided by states to support low-income families in their efforts to find and retain jobs. PRWORA created the Temporary Assistance for Needy Families (TANF) block grant which has, for the last 5 years, provided the states over $16 billion annually and the flexibility to design programs and choose among various services that best support their low-income families, particularly welfare recipients moving into the workforce. In addition to help with child care, these services include work-related activities such as job search and counseling, transportation assistance, and cash assistance. PRWORA also created the Child Care and Development Fund (CCDF) block grant, which will provide states over $20 billion for child care between fiscal years 1997 and 2002. PRWORA requires states to use a portion of their CCDF funds to improve the quality and availability of child care services for all families. Along with specified amounts of state dollars that are required to be spent under the TANF and CCDF block grants, these funds help states develop and pay for child care programs for a broad population of low-income families, including those on welfare and those who are not, in order to enable low-income parents to work.

The recognition of the link between child care and the success of welfare reform has given rise to questions about how states are spending child care funds provided through TANF and CCDF. We agreed to report on (1) child care expenditures by states under the CCDF and TANF block grants; (2) the type of care selected by families who receive subsidies with these funds and the mechanisms by which states provide child care subsidies to eligible families; and (3) states' priorities in providing child care subsidies to low-income families and their views about the adequacy of the current levels of funding for child care.

To determine expenditures for child care, we analyzed data on TANF and CCDF expenditures for fiscal years 1997 through 1999 reported by all states to the Administration for Children and Families (ACF), Department of Health and Human Services (HHS),[1] and conducted site visits to seven states to collect more detailed expenditure data on child care spending for state fiscal years 1994–95, 1998–99, and 1999–2000. (Expenditure figures throughout the body of this report are expressed in fiscal year 1997 dollars.[2]) The states we visited—California, Connecticut, Maryland, Michigan, Oregon, Texas, and Wisconsin—were selected because they are diverse geographically and demographically and differ in the ways in which they operate their child care and TANF assistance programs, but they are not representative of all states receiving TANF and CCDF funds. Except for the expenditure data collected during our site visits, we did not independently verify the states' reported expenditure data sent to HHS but did check a sample of the states' financial reports on which these data are based. To report on types of care and subsidy mechanisms, we used data the states reported to HHS about the type of care used by children subsidized with CCDF funds and states' payment mechanisms for providing parents a subsidy, as well as past GAO work and other recent research. Similar data are not available for care paid for with TANF funds, except for TANF dollars that have been transferred to CCDF and are included in the CCDF data, because states are not required to collect or report this information for TANF families. To obtain more information about the selected states' priorities for providing child care subsidies to low-income families and their opinions regarding the adequacy of funding for child care, we conducted telephone interviews with program officials in these states. In addition, we reviewed portions of approved CCDF plans for the 50 states and the District of Columbia covering fiscal years 2000 and 2001. Finally, we interviewed officials at HHS' Child Care Bureau, advocacy organizations, and other research groups about child care funding issues nationwide. We conducted our work between March and November 2000 in accordance with generally accepted government auditing standards.

[1]States periodically update the TANF and CCDF expenditure data they report to ACF after the close of a fiscal year. Hence the expenditure figures in this report are a snapshot of states' expenditure data at a particular point in time. The date on which we obtained the ACF data is noted in each table in the appendix.

[2]Expenditure figures in the appendixes are expressed in current dollars so that the actual amounts that states reported to HHS can be easily identified. Also, the term "fiscal year" used throughout the report refers to the federal fiscal year except where otherwise noted.

Results in Brief

States are exercising the flexibility provided under PRWORA to design and fund programs and services for their low-income families and in doing so are committing increasing amounts of money for child care. Nationwide, states reported that federal and state expenditures for child care under CCDF and TANF grew from $4.1 billion in fiscal year 1997 to $6.9 billion in fiscal year 1999 and totaled over $16 billion in constant fiscal year 1997 dollars for this 3-year period. Reflecting this national trend, child care spending increased between 20 and186 percent between state fiscal years 1994–95 and state fiscal years 1999–2000 for the seven states we visited. In five of these states, federal funds financed a significant amount of this growth in state fiscal year 1999–2000, accounting for 54 to 70 percent of their total child care spending. States also retained unspent CCDF and TANF funds each year, with unspent TANF balances accounting for the largest amount—approximately $8 billion at the end of fiscal year 1999 for all states—although states report that some of these monies have already been obligated. CCDF funds must be spent by states within various timeframes prescribed by the regulations and it appears that most states will do this; TANF funds, on the other hand, can be carried over from one fiscal year to the next to be reserved for future needs. While CCDF funds must be spent on child care, states are allowed to spend their TANF funds for many purposes and have chosen to fund services such as job search help, substance abuse counseling, and transportation assistance, as well as child care.

Nationwide, more than half of the children whose child care was subsidized with CCDF funds were cared for in centers, and CCDF subsidies for all types of care were primarily provided through vouchers. The type of care used, however, varied by state. For example, three of the seven states we visited reported to HHS that between 60 and 80 percent of the children they subsidized with CCDF funds used center care. In the other four states, more CCDF-subsidized children were cared for in their own homes or in family child care homes than in centers; in these states, centers accounted for between 19 and 37 percent of the care for CCDF-subsidized children. The reasons families choose one type of care over another are numerous, and include factors such as the availability of reliable transportation to get children to and from care and whether care is available at times families need to use it. Eligible parents who are subsidized by CCDF are offered a choice of receiving a voucher to pay a provider of their choosing or using a provider who has a contract with the state. Vouchers can be used by families with any type of provider and document that the state will pay a specified amount for the child's care. Contracts, which are agreements between the state and a particular provider—typically a center—to pay for care for a specified number of eligible children, assist about 10 percent of the children subsidized by CCDF. Data are not available on the type of care used by families subsidized with TANF funds or the extent to which vouchers and contracts are used to pay for the care of these TANF-subsidized families because states are not required to collect this information.

Over half of all the states gave TANF and former TANF families transitioning to work first or second priority for receiving child care subsidies while other eligible low-income families were assigned lower priorities. Program officials in four of the seven states we visited reported priorities similar to the nationwide trend, while program officials in the remaining three states told us that they rely primarily on income, not welfare status, for determining which families should receive child care subsidies first. Officials in the seven states we reviewed also reported that their states funded child care programs at sufficient levels to meet the child care needs of their TANF and former TANF families transitioning to work, and were serving all of these families who requested child care assistance. However, some of these officials were concerned that their states' funding levels were not sufficient to serve all other low-income families who were eligible. These officials noted that their states' eligibility is established below the maximum federal eligibility of 85 percent of state median income (SMI); yet even at these lower levels they do not serve everyone. Nationwide, only eight states set their income eligibility level at 85 percent of SMI. However, program officials in five of the seven states we reviewed reported that all families eligible under the state's income criteria who applied were being served. While not all families who are eligible need or want child care subsidies, there are a number of reasons that families who are eligible do not apply. For example, some of these families may be unaware that they are, in fact, eligible or may be deterred by the fact that waiting lists for subsidies already exist. In California and Texas, state funding has not been sufficient to provide subsidies to all families who sought them, and these families have been placed on a waiting list. In addition, child care program officials in four states reported that other important child care initiatives were not funded to the extent needed. Such initiatives included, for example, increasing the amount states pay child care providers to encourage them to stay in the field and thus help to stabilize the supply of child care. According to some state officials, one reason that state governments have not funded their child care programs to a greater extent is that they are concerned about expanding a program when the level of continued federal funding is uncertain due to PRWORA's upcoming reauthorization.

Background

Federal funds for subsidizing child care for low-income families, particularly those on welfare, are primarily provided to the states through two block grants—CCDF and TANF. Within certain guidelines established by the block grants, states have discretion in deciding how these funds will support child care, including who will be eligible, the payment mechanism to be used to pay providers, and the portion of TANF funds to be used for child care versus other eligible support services.

CCDF

The cost of child care can create a barrier to employment, especially for low-income families. To help these families meet their child care needs, PRWORA created CCDF by repealing three former child care programs and modifying a fourth one; it also included in CCDF the target populations of the programs it replaced.[3] Between fiscal years 1997 and 2002, CCDF will provide states with a total of $20 billion in federal funds—ranging from $2.9 billion in fiscal year 1997 to $3.7 billion in fiscal year 2002—to subsidize child care for both welfare and nonwelfare families. Each state's annual federal allocation consists of separate discretionary, mandatory, and matching funds.[4] A state does not have to obligate or spend any state funds

[3]PRWORA repealed the Aid to Families With Dependent Children (AFDC)/Job Opportunities and Basic Skills (JOBS) Training Child Care, Transitional Child Care, and At-Risk Child programs and modified the former Child Care and Development Block Grant (CCDBG). The modified program is referred to as the Child Care and Development Fund by HHS. The populations served include families currently on welfare and involved in work or education activities; those who left welfare in the last 12 months; and low-income families who, because of their income level, could be at risk of receiving welfare in the future. Also, CCDF funds can be used for children in need of protective services.

[4]A state's discretionary fund is allotted according to formulas specified in the CCDBG Act while its mandatory allocation is based on the federal share of its expenditures for AFDC/JOBS Child Care, Transitional Child Care, and At-Risk Child Care for fiscal year 1994 or 1995 or the average of fiscal years 1992 through 1994. The matching funds are distributed on the basis of the former At-Risk Child Care formula.

to receive the discretionary and mandatory funds.[5] However, to receive federal matching funds—and thus its full CCDF allocation—a state must maintain its program spending at a specified level, referred to as a state's maintenance of effort (MOE), and spend additional state funds above that level.[6] Further, states may be spending more of their own funds on child care than the amount actually accounted for under CCDF's MOE and match requirements. States must also spend at least 4 percent of their total CCDF expenditures for a given fiscal year on activities intended to improve the quality and availability of child care. These activities can include but are not limited to improving consumer education about child care, providing grants or loans to providers to assist them in meeting applicable child care standards, giving financial assistance to child care resource and referral agencies,[7] improving monitoring and enforcement of child care standards, improving provider compensation, and providing training and technical assistance to providers. In addition to the 4 percent states must spend improving the quality and availability of child care, the Congress specifically earmarked money in CCDF's discretionary fund in fiscal years 1998 and 1999 for certain activities and age groups: $19 million for school-age care and resource and referral services, and $223 million for quality-related activities.[8]

States may provide child care assistance to families whose income is as high as 85 percent of the SMI, thus including families at both the lowest and more moderate income levels. States may also establish a maximum

[5]CCDF funds must be obligated and expended within timeframes prescribed by the regulations. Discretionary funds must be obligated within 2 years of the fiscal year in which funds are awarded and expended within 3 years. Mandatory funds must be obligated within 1 year of the grant award if a state plans to use matching funds, otherwise there is no time limit on obligating the funds. There is no time limit for expending mandatory funds. Federal matching funds must be obligated within the year of the grant award and expended within 2 years of the award.

[6]To access federal matching funds, a state must (1) obligate its entire amount of mandatory funds by the end of the fiscal year; (2) maintain state child care expenditures at its 1994 or 1995 level (whichever was higher) for its AFDC/JOBS Child Care, Transitional Child Care, and At-Risk Child Care programs; and (3) spend additional state funds.

[7]Child care resource and referral agencies (CCRRs) maintain a provider database for their local area in order to help match parents looking for care with available providers. CCRRs, which are supported with federal, state, local, and private funds, also conduct other services such as training child care providers.

[8]Of the amounts earmarked for quality-related activities, HHS has set aside $50 million for states to use to increase the supply of quality care for infants and toddlers.

income eligibility below this level. Looking across all states, 85 percent of SMI for a family of four in calendar year 1998—the most recent year for which data are available—ranged from a low of $36,753 per year to a high of $64,203 per year. In addition to establishing the maximum income level at which a family is eligible for a child care subsidy, the states also determine which groups of low-income families within that income eligibility limit will have priority over others in receiving subsidies, such as a family with a special needs child.

Families who receive child care subsidies under CCDF must be offered the choice of using a voucher, which is a certificate assuring a provider that the state will pay a portion of the child care fee, or using a provider who has a contract with the state to provide care to subsidized families. Vouchers can be used to pay any type of provider, including those providers who may also have a contract with the state.[9] Information about a state's use of vouchers and contracts, the income level of families to whom the state will provide assistance, and its priorities for funding those families is contained in a state's CCDF plan, which must be submitted and approved by HHS every 2 years.

TANF

TANF, which is currently authorized through fiscal year 2002, ended the individual entitlement to welfare benefits afforded under the Aid to Families with Dependent Children (AFDC) established by the Social Security Act in 1935. In its place, PRWORA created TANF block grants, which provide an entitlement to eligible states of $16.5 billion annually. Federal funding under the TANF grant is fixed, and states are required to maintain a significant portion of their own historic financial commitment to their welfare programs, discussed earlier as a state's MOE, as a condition of receiving their TANF grant.[10] These two sources of funds—federal funds and state funds for MOE—represent the bulk of resources available to states as they design, finance, and implement their low-income assistance programs under TANF.

[9]Generally, there are three types of providers: center providers, who typically care for 12 or more children in a nonresidential facility; group home providers, who care for between 6 and 12 children in a private residence with an assistant; and family child care providers, who typically care for no more than 3 children in the provider's home.

[10]PRWORA provided $200 million per year for 5 years for bonuses to reward states with high performance in achieving the goals of TANF. In addition, it provided $100 million per year for 4 years for bonuses to reward states that reduce the ratio of out-of-wedlock births.

TANF includes provisions to ensure that cash assistance to eligible families is temporary and that those receiving TANF assistance either work or prepare to work. To support state efforts in helping welfare families make this transition to work, PRWORA allowed states wide discretion over how to design their TANF programs. Instead of prescribing in detail how programs are to be structured, the new law authorizes states to use their block grants in any manner reasonably calculated to accomplish the purposes of TANF. For example, states are allowed to set their own criteria for defining who will be eligible and what assistance and services will be available. These services can include cash assistance, work-related activities such as job search assistance, substance abuse counseling, transportation assistance, and child care. In addition, states can choose to use their TANF money to help a broader population of low-income families through programs that, for example, provide refundable tax credits or job retention and advancement services. To ensure the temporary nature of TANF assistance and provide an impetus for moving recipients toward self-reliance, the law established a 5-year lifetime limit on assistance to families and required that states ensure that specified levels of recipients participate in work activities.[11] States can incur financial penalties if these levels are not met. These levels started at 25 percent of a state's welfare caseload for fiscal year 1997 and will increase to 50 percent in fiscal year 2002.[12]

In addition to giving states more flexibility to design their welfare programs, TANF also shifted much of the fiscal responsibility to the states. In doing so, the importance of state fiscal planning was underscored as states faced greater choices about how to allocate TANF dollars among the competing needs and priorities of various low-income programs that help families find and keep jobs and prevent them from returning to welfare.[13] Under AFDC, the federal government and the states shared any increased welfare costs because welfare benefits were a matched, open-ended entitlement to the states. But under TANF, states receive a fixed amount of

[11]PRWORA also allows each state to reduce its annual mandated participation rate by an amount equal to the percentage that the state's welfare caseload has declined since fiscal year 1995. Given the significant declines in welfare caseloads since that time, the actual rates some states must meet are generally lower than those prescribed in the law.

[12]A separate but higher rate exists for two-parent families: 75 percent had to have been working or in work activities in fiscal year 1997 and 90 percent in fiscal year 1999.

[13]For more information about the fiscal effects of TANF on states, see *Welfare Reform: Early Fiscal Effects of the TANF Block Grant* (GAO/AIMD-98-137, Aug. 18, 1998).

funds regardless of any changes in state spending or the number of people the program serves. Because of a combination of declining welfare caseloads, higher federal grant levels than would have been provided under AFDC, and MOE requirements that states maintain a specified level of welfare spending at 75 to 80 percent of their historical spending on welfare, states currently have more total budgetary resources available for their welfare programs than they would have had under AFDC.[14] These additional resources presented states with numerous decisions to make about the families they would serve, the mix of support services they would offer and the extent to which these services would be funded, and the amount of TANF funds they would reserve for use in later years, particularly in the event of an economic downturn when welfare costs could rise.[15]

In addition, PRWORA allows states the flexibility to use TANF funds directly from the block grant to pay for child care or transfer it to other block grants. States may transfer up to 30 percent of their TANF funds to CCDF or 10 percent to the Social Services Block Grant (SSBG),[16] which can also be used by states to fund child care and other social services, depending on their child care needs and priorities.

[14]States' MOE requirements are based on their spending in federal fiscal year 1994 for the programs replaced by the TANF block grant and combined in the CCDBG. The level of the TANF grant is set based on the higher of federal spending on the programs consolidated in TANF for federal fiscal year 1994, fiscal year 1995, or the average for the years 1992 through 1994—periods during which caseloads and federal spending were at historically high levels.

[15]Final regulations for TANF stipulate that the use of TANF carryover funds can only be for activities defined as "assistance," which are cash and noncash benefits designed to meet a family's ongoing basic needs. Child care services to employed parents are excluded from the definition of assistance.

[16]The 30 percent amount for transferring TANF funds is a maximum; if 10 percent of TANF funds are transferred to SSBG, only 20 percent could be transferred to CCDF even though the ceiling level for CCDF is 30 percent.

Federal and State Expenditures for Child Care Increased, but Unspent TANF and CCDF Funds Remain

Between fiscal years 1997 and 1999, states' reported expenditures for child care from CCDF, TANF, and their own funds increased annually.[17] For example, CCDF expenditures almost doubled in this time period—growing from $2.5 billion to $4.5 billion—while funds spent from the TANF block grant for child care grew from $14 million to almost $600 million in these 3 years. However, while states spent increased amounts from these sources and their own funds, they still had unspent TANF and CCDF balances at the end of fiscal year 1999.

States' Child Care Spending Grew to Over $16 Billion Using CCDF, TANF, and State Funds

Nationwide, states spent increasingly larger amounts of their CCDF, TANF, and state money on child care between fiscal years 1997 and 1999—a total of more than $16 billion, as shown in table 1.

Table 1: Total Child Care Expenditures by States of CCDF, TANF, and State Funds, Fiscal Years 1997 to 1999

1997 Constant Dollars in Millions

Fiscal year	CCDF[a]	TANF[b]	State[c]	Total
1997	$2,537	$14	$1,569	$4,120
1998	3,504	243	1,650	5,397
1999	4,575	583	1,807	6,965
Total	**$10,615**	**$840**	**$5,026**	**$16,482**

[a]Includes funds transferred from TANF into CCDF.

[b]Funds spent on child care directly from the TANF block grant.

[c]These amounts include state dollars reported as CCDF MOE, state matching funds under CCDF, and MOE reported for child care for separate state programs under TANF. The CCDF matching amounts are overstated because a few states had not received their maximum allocation. However, the total amount reported in this column may underreport the amount of their own funds states are spending on child care, given that they may be spending more than the amount they report to HHS.

[17]These and other expenditure figures throughout the body of this report are expressed in constant fiscal year 1997 dollars.

CCDF expenditures made up almost two-thirds of the total amount spent on child care from these sources. These expenditures included funds that states transferred from TANF into CCDF, which more than tripled in 3 years—increasing from $483 million in fiscal year 1997 to around $1.7 billion in fiscal year 1999.[18] (See app. I, tables 3 through 5, for more detailed information on TANF transfers for fiscal years 1997 through 1999 in current dollars.) The CCDF expenditure figures also include federal matching dollars for which states must spend a specified amount of state funds in order to receive their maximum CCDF matching allocation. Forty-seven states received the maximum fiscal year 1997 CCDF federal match while 49 received the maximum fiscal year 1998 match. By the end of fiscal year 1999, almost two-thirds of the states had already spent the required amount of state funds to receive their full fiscal year 1999 federal match even though they had until the end of fiscal year 2000 to do so.[19] As with TANF transfers, states reported spending increasingly more federal TANF dollars on child care directly from the TANF block grant for fiscal years 1997 through 1999. These expenditures grew more than 40-fold, from $14 million in fiscal year 1997 to around $583 million in fiscal year 1999.[20]

Child Care Spending in Selected States Also Increased

Spending on child care programs for low-income families increased substantially in the seven states we reviewed in more depth. As table 2 shows, total spending on child care programs in state fiscal year 1994–95 ranged from $58 million in Wisconsin to $661 million in California. By state fiscal year 1999–2000, spending on these programs had grown, ranging from $77 million in Oregon to around $1.8 billion in California. Thus, the percentage increase for these seven states during this period ranged from 20 to 186 percent in constant 1997 dollars.

[18]Through fiscal year 1999, states were allowed to transfer prior-year TANF funds into CCDF. Starting in fiscal year 2000, only current-year TANF funds may be transferred.

[19]HHS data for fiscal year 2000 were not yet available at the time this report was issued.

[20]The significant increase in child care expenditures directly from the TANF block grant between fiscal years 1997 and 1999 may be due, in part, to the fact that not all states had received their full TANF grant in fiscal year 1997.

Table 2: Selected States' Child Care Expenditures of Federal and State Funds, Fiscal Years 1995 to 2000

1997 Constant Dollars in Millions

State	State fiscal year 1994–95	State fiscal year 1998–99	State fiscal year 1999–2000	Percent increase for 1994–95 to 1999–2000
California	$661	$1,443	$1,755	166
Connecticut	87	173	170	95
Maryland	87	117	122	40
Michigan	453	835	885	95
Oregon	64	79	77	20
Texas	396	544	692	75
Wisconsin	$58	$169	$166	186

In state fiscal year 1999–2000, five of the seven states relied on significant amounts of federal funds—between 54 and 70 percent—to finance their growing child care programs. Only Connecticut and Texas reported spending more of their own funds than federal funds on these programs for that year.[21]

The amount of money states ultimately choose to spend on child care is a result of their budget processes—which decide the extent to which the competing needs of different programs and priorities statewide will be supported—and the requirements imposed by the block grant. As part of these decisions, the states we reviewed made choices about how to spend TANF, CCDF, and other funds to provide many different support services to low-income families. However, while CCDF funds have to be spent on child care, TANF funds can be spent on a range of support services, including child care, assuming these services meet the goals of PRWORA.[22] In addition, these states attempted to strike a balance between spending TANF funds on the current needs of their low-income families and reserving portions of these funds for future spending.

[21] In Texas, the state's prekindergarten programs for low-income children represented most of the state's reported expenditures for child care.

[22] Starting in fiscal year 2000, TANF carryover funds can only be spent on services defined as "assistance," which are cash and noncash benefits designed to meet a family's ongoing basic needs. Child care services to employed parents are excluded from this definition.

For example, both Maryland and Wisconsin plan to use a significant amount of their TANF funds to expand their child care programs in addition to funding other parts of their welfare programs for low-income families. Maryland budget officials are projecting that the state will have $160 million in federal TANF carryover balances to use in fiscal year 2001 in addition to their annual TANF block grant. Using these funds, the state will finance more than 5,700 new child care spaces. Similarly, Wisconsin budget officials assumed that almost $350 million in TANF carryover balances in the fiscal year 1999–2000 budget would be available in addition to its $317 million annual TANF block grant. According to state budget officials, these resources will help pay for a number of new expansions to their child care programs, including increasing the income eligibility of families who can receive child care subsidies from 165 to 185 percent of the poverty level and reducing copayment amounts for families.[23]

California, Connecticut, Michigan, Oregon, and Texas, also increased their child care spending between state fiscal years 1994–95 and 1999–2000 to meet the increased need for child care as more families made the transition from welfare to work, but these states were not planning to use TANF funds for large expansions of their child care programs. For example, Texas increased its child care funding for state fiscal year 2000–1 to a level where it was able to serve about half the children on its waiting list at a given point in time with child care subsidies, but it also chose to leave about $107 million in TANF funds in reserve. Connecticut had about $41 million in unspent TANF funds at the end of state fiscal years 1998–99 and 1999–2000 but chose to use these funds to replace state funds already allocated for other programs. Budget officials in Oregon told us that they adjusted their budget twice in the last 2 years because the number of applicants for child care subsidies was lower than expected. Some of the state funds from these adjustments were reinvested into the program to reduce the child care copayment amount; the rest—about $40 million—was used for other state priorities. Finally, counties in California have received more than $685 million in TANF funds from the state as a reward for reducing welfare caseloads. These funds must be used for TANF-allowable purposes, including child care, although the counties have wide discretion over how to spend this money. However, at the time of our study, about 1 percent of it had been spent.

[23]A copayment is a specified amount of money that parents receiving child care subsidies are required to pay to the provider or state toward their child's care.

States Retain Unspent CCDF and TANF Balances

While states are spending more federal and state funds on child care, portions of their CCDF and TANF funds remain unspent. CCDF funds, for example, must be spent within certain timeframes prescribed by the regulations. Our end-of-year analysis shows that, on average, states spent about 70 percent of their CCDF funds and retained approximately 30 percent in unspent funds for each of the three fiscal years, 1997 through 1999. It appears that most states have met or will meet the prescribed timeframes for spending these remaining monies. The amount of unspent CCDF funds varies by state and fiscal year, however, and appendix II, tables 9 through 11, provides detailed information by state for fiscal years 1997 through 1999, in current dollars.

Along with unspent CCDF funds in a given fiscal year, states also reported about $8 billion dollars in unspent TANF funds at the end of fiscal year 1999. This represented about 41 percent of the total TANF funds available to the states for expenditure in fiscal year 1999 and included both fiscal year 1999 and prior year funds. States also reported that $5 billion of unspent TANF funds have been obligated, although the lack of uniformity in the way states report the status of these funds makes it difficult to determine exactly how much has been obligated. As with CCDF funds, the amount of unspent TANF funds varied by state. Appendix I, tables 6 through 8, provides information on TANF balances by state for fiscal years 1997 through 1999, in current dollars.

Center Care and Vouchers Most Frequently Used

To parents who receive child care subsidies under CCDF, states must provide flexibility and choice in selecting child care providers. Parents receiving subsidized child care through CCDF most often selected child care centers to provide care to their children. The subsidies parents receive are most often paid for through vouchers—a payment mechanism many think provides the most flexibility to parents—rather than contracts, although this can vary by state. Data on the type of care used by children whose parents receive TANF and the payment mechanisms states used to pay for their care are not available.[24]

[24]While TANF does not require states to collect this information, CCDF regulations require that states report this information for CCDF money spent from the discretionary fund, including TANF transfers, the federal mandatory and matching funds, and the state matching and MOE. Hence, about 90 percent of the $16 billion states spent on child care as discussed in table 1 are in CCDF funds for which states are required to report these data.

Center Care Most Often Used by Parents Who Receive Child Care Subsidies

Center care is the predominant type of child care used by children subsidized with CCDF funds as indicated by fiscal year 1998 data reported by states to HHS. Nationwide, 55 percent of children whose care is paid for by CCDF are in centers, 30 percent are in family child care homes, 11 percent are in the child's own home, and 4 percent are in group homes.[25] The use of center care varied by state, however. HHS data show that the use of center care by CCDF subsidized children ranged from 19 percent in Michigan to 94 percent in the District of Columbia. Three of the seven states we visited—California, Texas, and Wisconsin—reported that between 60 and 80 percent of the children subsidized with CCDF funds used center care. On the other hand, Connecticut, Maryland, Michigan, and Oregon reported much lower use of center care by CCDF-subsidized children, ranging from 19 to 37 percent.

While CCDF data can tell us what care parents choose, they cannot provide information on why parents make their choices. Many factors influence the choice of care selected by parents. Some factors can affect the choice of a particular provider over another, while others affect the choice of one provider type over another. For example, data show that younger children—those under 3 years of age—tend to be cared for in family child care homes or by relatives; older children are more often cared for in centers. For families subsidized with CCDF funds, the age of the child may be a factor that explains their greater use of center care. CCDF data show that over 70 percent of the CCDF-subsidized children are 3 to 12 years old, 37 percent are 3 to under 6 years old, and 35 percent are 6 to 12 years old.

Lacking accessible and reliable transportation between home, work, and the child care provider can limit a family's child care options and affect the type of care a family chooses. Over the years, states have reported to us that TANF families lack reliable private transportation to get their children to child care providers and themselves to work. Moreover, some communities lack public transportation to get TANF participants where they need to go, especially in rural areas. Even when public transportation is available, families' child care options can be limited due to the difficulty and time it takes to navigate trips with children to a particular provider and then to work.

[25]CCDF data provide information on relative care only for CCDF-subsidized children who are cared for by providers exempt from regulation. Of those children, 53 percent are cared for by relatives while 47 percent are cared for by nonrelatives.

An inadequate supply of providers is another barrier to obtaining care and a factor in selecting child care. In our previous work, we found that the supply of infant care, care for special needs children, and care during nonstandard hours has been much more limited than the overall supply. Low-income neighborhoods tend to have less overall child care supply as well as less supply for these particular care groups than do higher-income neighborhoods.[26]

The price of care can affect a low-income parent's choice of a particular provider. In general, child care is less affordable to poor families than nonpoor because it can consume a much larger percentage of their budget. Forty percent of families with incomes at or below 200 percent of poverty paid for child care and spent, on average, 16 percent of their annual earnings; however, 27 percent of these families paid more than 20 percent of their annual earnings for care. Nonpoor families—those with earnings above 200 percent of poverty—paid, on average, 6 percent of their annual earnings for child care with only 1 percent paying more than 20 percent of earnings for care.[27] For families who receive a subsidy, affordability may not be an issue if the full cost of the care selected is within the subsidy amount. However, affordability can be affected by the amount of the copayment, which most states require subsidized parents to pay, again affecting parents' choice of a provider. For example, a recent HHS study shows that state variation in the amount charged to subsidized parents for copayments can represent 4 to 17 percent of their monthly income.

Vouchers Are the Predominant Payment Mechanism

CCDF regulations require that a parent eligible for a CCDF child care subsidy be offered the choice of receiving a voucher to pay a provider or enrolling the child with a provider that has a contract with or grant from the state to serve eligible children. A voucher is a certificate that documents that the state will pay a specified amount of the cost of care for an eligible child. The primary advantage of a voucher is that its portability provides maximum parental choice—it can be used to pay any available provider of the parent's choosing, including a relative. A contract, which is an agreement the state usually has with centers, allows the state to target funds to underserved areas, such as poorer parts of a city, or to specific

[26] *Welfare Reform: Implications of Increased Work Participation for Child Care* (GAO/HEHS-97-75, May 29, 1997).

[27] L. Giannarelli and J. Barsimantov, *Child Care Expenses of America's Families* (Washington, D.C.: The Urban Institute, Dec. 2000), pp. 6–8.

populations, such as migrant farm children, and thus help stabilize the supply of care in these areas. Contracts can also help improve the quality of the child care by stipulating that certain requirements must be met, such as providing staff training or health screenings to the children in care.

Vouchers are the most common method used by states to pay for child care subsidized with CCDF funds. Fiscal year 1998 data reported by the states to HHS, which are the most current data available, show that, nationwide, parents of 84 percent of the children receiving CCDF subsidies used a voucher to pay for child care while 10 percent used a provider that had a contract with or grant from the state. For the remaining CCDF-subsidized children, the states paid cash directly to the parent. However, the extent to which one type of payment mechanism is used over another varies among the states. For example, 21 states reported to HHS that they use contracts or grants; the percent of CCDF-subsidized children served by this payment method ranged from less than 1 percent in Vermont and Colorado to almost 73 percent in Florida. Six of the seven states we reviewed use vouchers as the primary method to pay for child care. California uses vouchers to a lesser extent than the other states we visited: 58 percent of California's children subsidized with CCDF funds were with contracted providers, 34 percent used vouchers, and 8 percent were subsidized through cash payments to parents. National data on the type of care used by children subsidized with TANF funds are not available because TANF regulations do not require states to collect and report this information to HHS.

States Assist TANF and Former TANF Families With Child Care, but Other Eligible Families Are Not Always Served

Officials in the seven states we reviewed reported that they currently have adequate funding to meet the child care needs of families on TANF and those who have recently left. In five of these states, other eligible families who applied for child care subsidies were also served. However, some officials raised concerns that their states' current funding levels are not sufficient to provide subsidies to all eligible low-income families who may need them, such as those on waiting lists, or to fully support important child care initiatives. State officials noted that one reason that the funding levels for these and other program goals are not higher is states' uncertainty about the continued level of federal funding.

State Funding Sufficient for Child Care Subsidies to Highest-Priority Families—Those on TANF

According to CCDF plans for fiscal years 2000 through 2001, more than half the states list TANF and TANF-transitional families either first or second on their priority list of families who are eligible for receiving child care subsidies. Likewise, four of the states we reviewed—California, Texas, Connecticut, and Maryland—also give priority for child care subsidies to those on welfare and those transitioning from welfare to work. The three remaining states—Michigan, Oregon, and Wisconsin—reported that they primarily rely on income, not welfare status, as a means of giving priority to certain families over others, with families earning the lowest incomes receiving child care subsidies first.

Child care officials in the seven states we examined in more depth reported that their states have allocated adequate funding to meet the child care needs of families on TANF and those in the process of transitioning from welfare to work. However, some of these officials expressed uncertainty about their ability to continue to do this because, with the reauthorization of TANF and CCDF scheduled for the next fiscal year, the future level of federal funding for these block grants is unknown. Michigan and Wisconsin program officials expressed concern that any funding reductions may make it necessary for them to provide child care subsidies to TANF families first, over non-TANF families. But, among the seven states we examined, no state reported that it was currently unable to fund the child care needs of these families who requested services.

States Provided Child Care Subsidies to Non-TANF Families, but Not All Eligible Families Were Served

Nationwide, 22 states placed non-TANF families third or lower in priority order for receiving child care subsidies according to CCDF plans approved by HHS for fiscal years 2000 through 2001. According to the CCDF plans of the states that we reviewed, California, Maryland, and Texas placed low-income families third or fourth after TANF and transitioning TANF families, while Connecticut placed these families fifth after other groups such as teen parents and children with special needs. As stated above, Michigan, Oregon, and Wisconsin did not establish priorities based on welfare status, but rather on income.

Notwithstanding these priorities, program officials in Connecticut, Maryland, Michigan, Oregon, and Wisconsin reported that their states' funding allocations have been adequate to serve all eligible families who have applied. Further, data for state fiscal year 1999–2000 show that in four of these states non-TANF children represent the largest percentage of children in their subsidy program.[28] A similar finding is reported in a recent HHS study that examined child care for low-income families in 25 communities nationwide. It found that, while states' funding policies favor TANF families over non-TANF families for receiving child care subsidies, children of non-TANF families represented the largest percentage of children receiving child care subsidies in most of the states that were examined. However, because many states do not track former TANF families for an extended period after leaving TANF, it is not known how many of these current non-TANF families are former TANF families who began receiving their subsidies when they were on welfare.[29]

While child care program officials in most of the states we reviewed reported serving all eligible low-income families who applied, California, Connecticut, Texas, and Oregon expressed concern that their funding of child care was not sufficient to provide child care subsidies for all eligible families. These program officials noted that their states' eligibility ceilings were established at levels below the maximum federal level of 85 percent of SMI,[30] yet even at these lower ceiling levels, they do not serve all eligible families. For example, both Connecticut and California set maximum eligibility for receiving child care subsidies at 75 percent of SMI, but because their states did not allocate sufficient funding to serve families up to these eligibility levels, their child care program serves families mostly at or below 50 percent of SMI. In both California and Texas, this has resulted in waiting lists for child care subsidies.[31] Nationwide, most states have not established income eligibility levels at the maximum level allowed under CCDF—85 percent of SMI. According to states' CCDF plans for fiscal year 2000 through 2001, eight states established eligibility at this level. Of the remaining 42 states and the District of Columbia, half set eligibility between 58 and 84 percent of SMI while the other half set it below 58 percent.

[28]Data were not available for California and Oregon.

[29]Abt Associates, Inc., *National Study of Child Care for Low-Income Families: State and Community Substudy* Interim Report (Cambridge, Mass., Nov. 2000).

[30]While Texas' eligibility is set at 85 percent of SMI, local workforce boards are allowed to establish eligibility at lower levels, which many have done.

[31]The child care funding decisions made by these states, particularly regarding the use of their TANF funds, were discussed earlier in the report.

A gap between the number of children eligible for child care subsidies under states' income eligibility criteria and those who actually receive them appears to exist nationwide. A 1998 HHS study shows that about one-fifth of all states are serving less than 10 percent of the children eligible for CCDF subsidies as defined by state income eligibility ceilings; three-fifths are serving between 10 and 25 percent; and one-fifth are serving 25 percent or more.[32] While not all families who are eligible for child care subsidies want or need them, there are many reasons why families who are eligible and want child care subsidies do not apply for them. For example, they may already know that waiting lists for subsidies exist in their community; they may think they are not eligible; or the amount of the subsidy or the family copayment required to be paid by subsidized families may not make it worthwhile for a family to apply for them.[33]

Program Officials Concerned About Funding for Other Child Care Initiatives

Although all seven states increased the amount of CCDF funds spent on quality initiatives between fiscal years 1997 through 1999, child care program officials in four states were concerned about funding levels for activities to improve the quality of child care. CCDF expenditures for quality reported to HHS by these seven states show that expenditures grew from around $22 million in fiscal year 1997 to about $98 million in fiscal year 1999, totaling over $180 million for this period. The states spent this money on a range of activities to improve child care quality, most commonly to support child care resource and referral agencies, for training and technical assistance to providers, and on efforts to improve provider compliance with state child care regulations by state licensing agencies.

Child care program officials in California, Connecticut, Oregon, and Texas reported that their states did not sufficiently fund some child care

[32]Administration for Children and Families, Department of Health and Human Services, *Access to Child Care for Low-Income Working Families* (Washington, D.C., 1999). This report used state administrative data reported to HHS to develop a monthly estimate of the number of children receiving CCDF subsidies; it does not include children subsidized with TANF or SSBG funds. The eligibility estimates were generated from the Urban Institute's TRIM3 microsimulation based on 3 years of Current Population Survey data. The estimate for eligible children includes all children under age 13 in families where the head of household was in an education or training program and family income was below the state's income eligibility for child care assistance, whether or not child care assistance was actually needed.

[33]*National Study of Child Care for Low-Income Families: State and Community Substudy Interim Report,* p. 57.

initiatives that could improve both child care supply and quality in their states. For example, child care program officials in California, Connecticut, and Oregon mentioned the need for more funding to provide higher wages to providers—either through paying higher payment rates or other compensation initiatives—in order to curtail the large numbers of providers leaving the field, typically referred to as turnover. High turnover could affect the adequacy of child care supply. It also disrupts the continuity of care for children, which is important to their development, especially for infants, and interferes with parents' job stability, particularly welfare parents who are new to the workforce. Child care program officials in Texas, Connecticut, and Oregon also discussed the need for funding to build capacity for care that is more difficult to find, such as care for infants and during nonstandard work hours, which is particularly important to welfare families transitioning to work.

Agency and Other Comments

We received technical comments from program officials in the Administration for Children and Families' Child Care Bureau and Office of Family Assistance in the course of completing our work. We incorporated these comments where appropriate.

We also received written comments from six of the seven states discussed in the report—California, Connecticut, Maryland, Michigan, Texas, and Wisconsin.

In general, state comments focused on the differences in the expenditure data in the draft report compared with their own current expenditure figures. Because our analysis provides a snapshot of expenditures at several different points in time, the data we present vary from current year data or data that subsequently may have been reconciled or corrected. We expressed expenditure data in constant dollars in the report body to capture real growth in spending over time, but also provided these data in current year dollars in an appendix so that states would recognize the expenditures they reported to HHS.

Two states, California and Connecticut, expressed concern with the way we characterized their budget decisions for using TANF funds. California officials believed that our discussion of the fiscal incentive payments that certain counties received for reducing TANF caseloads implied that these funds were for the purpose of increasing the counties' child care expenditures. We clearly state why counties were given these funds and that the counties have discretion about how the funds will be spent. Thus, the California counties that received these funds could decide to spend them on child care or any other activities consistent with TANF's goals and allowable under the law.

Officials in Connecticut raised concerns about two issues. They thought that our statement that Connecticut was not planning to use TANF funds for a large expansion of child care implied that Connecticut had not increased its child care funding. We think the report clearly states just the opposite. Table 2 shows that Connecticut has significantly increased its child care expenditures in the time periods on which we gathered data. The report also states that Connecticut was one of only two states that we reviewed that spent more of their own funds than federal funds on these increases. Officials also wanted to make sure that we understood that they do not have unspent TANF funds. We agree, and believe that the report clearly states, that the $41 million Connecticut had in unspent TANF funds at one point in time was spent to reimburse the state for previous state expenditures on TANF-related purposes. Our reason for discussing this in the report was to illustrate the competing choices states face in spending TANF funds and that they do not always choose to spend them on child care.

As agreed to with your staff, unless you publicly release its contents earlier, we will make no further distribution of this report until 30 days after its issue date. At that time, we will send copies of this report to the Honorable William Thomas, Chairman, and the Honorable Charles Rangel, Ranking Minority Member, House Committee on Ways and Means; the Honorable Benjamin Cardin, Ranking Minority Member, Subcommittee on Human Resources, House Committee on Ways and Means; the Honorable Charles Grassley, Chairman, and the Honorable Max Baucus, Ranking Member, Senate Committee on Finance; and the Honorable Dr. David Satcher, Acting Secretary of HHS; and the Honorable Diann Dawson, Acting Assistant Secretary for Children and Families, HHS. We will also make copies available to others on request.

If you or your staff have any questions about this report, please contact me at (202) 512-7215, or Karen A. Whiten at (202) 512-7291. Other GAO contacts and staff acknowledgments are listed in appendix III.

Marnie S. Shaul
Director, Education, Workforce,
and Income Security Issues

TANF Transfers and Unspent Balances

Table 3: TANF Funds Transferred to CCDF During Fiscal Year 1997

		Transferred to CCDF	
State	**Grant award**	**Amount**	**Percentage**
Alabama	$81,313,004	$10,000,000	12
Alaska	18,759,063	4,834,362	26
Arizona	222,419,998	12,220,532	5
Arkansas	19,936,461	0	0
California	3,147,715,829	0	0
Colorado	45,627,939	10,504,738	23
Connecticut	266,788,107	0	0
Delaware	14,564,516	900,000	6
District of Columbia	61,048,692	0	0
Florida	562,340,120	0	0
Georgia	254,339,628	9,000,000	4
Hawaii	28,631,202	0	0
Idaho	10,600,557	0	0
Illinois	134,004,829	0	0
Indiana	206,799,109	42,039,000	20
Iowa	105,169,272	0	0
Kansas	101,931,061	0	0
Kentucky	170,006,205	7,040,032	4
Louisiana	139,757,495	0	0
Maine	72,476,874	3,229,010	4
Maryland	183,017,827	57,117,529	31
Massachusetts	459,371,116	108,164,411	24
Michigan	775,352,858	26,688,930	3
Minnesota	111,835,618	0	0
Mississippi	86,767,578	6,600,000	8
Missouri	187,838,524	0	0
Montana	34,035,612	5,657,669	17
Nebraska	49,340,853	0	0
Nevada	34,008,078	0	0
New Hampshire	38,521,261	0	0
New Jersey	293,107,925	60,442,764	21
New Mexico	31,991,934	0	0
New York	1,982,294,198	45,000,000	2

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State	Grant award	Transferred to CCDF Amount	Percentage
North Carolina	225,973,410	0	0
North Dakota	11,066,221	0	0
Ohio	727,968,260	0	0
Oklahoma	148,013,558	29,602,712	20
Oregon	167,808,448	0	0
Pennsylvania	418,343,381	0	0
Rhode Island	46,025,651	0	0
South Carolina	93,872,849	0	0
South Dakota	18,759,543	890,026	5
Tennessee	191,523,797	16,396,912	9
Texas	431,610,973	0	0
Utah	76,829,219	0	0
Vermont	47,353,181	3,500,000	7
Virginia	114,733,567	8,385,000	7
Washington	289,298,269	0	0
West Virginia	82,155,212	0	0
Wisconsin	318,159,462	11,485,733	4
Wyoming	19,215,579	3,600,000	19
Total	**$13,360,423,923**	**$483,299,360**	**4**

Notes: Expenditure figures in this table are expressed in current (rather than constant) dollars. TANF is Temporary Assistance for Needy Families. CCDF is the Child Care and Development Fund. The Administration for Children and Families (ACF) data were provided to us in November 2000.

Table 4: TANF Funds Transferred to CCDF During Fiscal Year 1998

		Transferred to CCDF	
State	**Grant award**	**Amount**	**Percentage**
Alabama	$95,986,661	$19,197,334	20
Alaska	65,267,778	1,600,000	2
Arizona	226,398,173	38,260,000	17
Arkansas	58,230,354	0	0
California	3,732,671,378	100,000,000	3
Colorado	139,324,514	19,433,798	14
Connecticut	266,788,107	0	0
Delaware	32,290,981	0	0
District of Columbia	92,609,815	11,000,000	12
Florida	576,886,883	29,403,486	5
Georgia	339,720,207	19,285,000	6
Hawaii	98,904,788	12,862,074	13
Idaho	32,780,444	0	0
Illinois	585,056,960	0	0
Indiana	206,799,109	56,039,000	27
Iowa	131,524,959	1,214,089	1
Kansas	101,931,061	7,080,193	7
Kentucky	181,287,669	36,240,000	20
Louisiana	168,072,394	50,421,718	30
Maine	78,120,889	4,984,810	6
Maryland	229,098,032	34,521,683	15
Massachusetts	459,371,116	79,253,383	17
Michigan	775,352,858	149,464,937	19
Minnesota	267,984,886	10,200,000	4
Mississippi	88,943,530	8,676,758	10
Missouri	217,051,740	0	0
Montana	46,666,707	7,000,000	15
Nebraska	58,028,579	0	0
Nevada	44,875,852	0	0
New Hampshire	38,521,260	0	0
New Jersey	404,034,823	80,806,965	20
New Mexico	129,339,257	13,304,750	10
New York	2,442,930,602	274,600,000	11
North Carolina	310,935,520	11,699,518	4

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State	Grant award	Transferred to CCDF Amount	Transferred to CCDF Percentage
North Dakota	26,399,809	0	0
Ohio	727,968,260	0	0
Oklahoma	147,842,004	29,568,401	20
Oregon	166,798,629	0	0
Pennsylvania	719,499,305	0	0
Rhode Island	95,021,587	0	0
South Carolina	99,967,824	5,634,668	6
South Dakota	21,313,413	709,974	3
Tennessee	196,717,069	14,834,051	8
Texas	498,949,726	99,789,945	20
Utah	78,925,393	0	0
Vermont	47,353,181	6,480,552	14
Virginia	158,285,172	23,742,776	15
Washington	404,331,754	28,973,879	7
West Virginia	110,176,310	10,000,000	9
Wisconsin	317,505,180	37,943,787	12
Wyoming	21,538,089	4,300,000	20
Total	**$16,562,380,591**	**$1,338,527,529**	**8**

Notes: Expenditure figures in this table are expressed in current (rather than constant) dollars. ACF data were provided to us in November 2000.

Table 5: TANF Funds Transferred to CCDF During Fiscal Year 1999

State	Grant award	Transferred to CCDF Amount	Transferred to CCDF Percentage
Alabama	$118,724,903	$23,744,979	20
Alaska	64,523,979	13,805,900	21
Arizona	230,620,355	0	0
Arkansas	59,765,287	0	0
California	3,751,148,918	257,300,000	7
Colorado	142,674,034	6,034,156	4
Connecticut	266,788,107	0	0
Delaware	32,290,981	100,000	0
District of Columbia	92,609,815	18,521,963	20
Florida	591,797,320	117,613,943	20
Georgia	348,923,135	15,765,125	5
Hawaii	98,904,788	5,595,000	6
Idaho	33,050,458	6,610,092	20
Illinois	585,056,960	117,011,392	20
Indiana	206,799,109	56,039,000	27
Iowa	131,524,959	14,415,393	11
Kansas	101,931,061	6,073,462	6
Kentucky	181,287,669	36,240,000	20
Louisiana	172,275,313	51,682,593	30
Maine	78,120,889	7,641,014	10
Maryland	229,098,032	0	0
Massachusetts	479,371,116	91,874,219	19
Michigan	795,353,000	96,052,255	12
Minnesota	267,367,231	44,994,267	17
Mississippi	91,173,882	8,676,758	10
Missouri	217,051,740	43,410,348	20
Montana	45,467,288	5,500,000	12
Nebraska	58,028,579	5,000,000	9
Nevada	45,797,430	0	0
New Hampshire	38,521,261	0	0
New Jersey	404,034,823	80,806,965	20
New Mexico	132,656,260	13,688,365	10
New York	2,442,930,602	5,000,000	0
North Carolina	319,848,839	80,253,854	25

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State	Grant award	Transferred to CCDF Amount	Percentage
North Dakota	26,399,809	0	0
Ohio	727,968,260	0	0
Oklahoma	147,596,109	29,519,222	20
Oregon	166,798,629	0	0
Pennsylvania	719,499,305	126,969,000	18
Rhode Island	95,021,587	13,645,204	14
South Carolina	99,967,824	3,493,964	3
South Dakota	21,313,413	0	0
Tennessee	202,040,173	51,811,123	26
Texas	511,960,024	30,571,678	6
Utah	81,073,971	3,740,480	5
Vermont	47,353,181	7,709,876	16
Virginia	158,285,172	29,157,034	18
Washington	403,313,831	120,994,149	30
West Virginia	110,176,310	10,000,000	9
Wisconsin	317,505,180	63,500,000	20
Wyoming	20,815,954	4,100,000	20
Total	**$16,712,606,855**	**$1,724,662,773**	**10**

Notes: Expenditure figures in this table are expressed in current (rather than constant) dollars. ACF data were provided to us in November 2000.

Table 6: Unspent TANF Balances by State, Fiscal Year 1997

State	Total available during FY 97[a]	Unspent at end of FY 97 Amount	Unspent at end of FY 97 Percentage
Alabama	$81,313,004	$21,200,152	26
Alaska	18,759,063	4,863,642	26
Arizona	222,419,998	33,663,291	15
Arkansas	19,936,461	7,267,101	36
California	3,147,715,829	762,843,217	24
Colorado	45,627,939	21,700,972	48
Connecticut	260,821,819	29,049,223	11
Delaware	14,564,516	0	0
District of Columbia	61,048,692	25,623,708	42
Florida	562,340,120	206,830,009	37
Georgia	254,339,628	50,778,367	20
Hawaii	28,631,202	3,308,558	12
Idaho	10,600,557	9,670,135	91
Illinois	134,004,829	0	0
Indiana	206,799,109	127,918,296	62
Iowa	100,623,241	22,512,683	22
Kansas	91,931,061	0	0
Kentucky	159,290,629	17,801,388	11
Louisiana	139,757,495	74,535,689	53
Maine	67,034,986	0	0
Maryland	183,017,827	77,809,451	43
Massachusetts	321,559,781	0	0
Michigan	671,853,288	62,556,388	9
Minnesota	111,835,618	63,855,661	57
Mississippi	86,767,578	19,024,979	22
Missouri	187,838,524	53,057,973	28
Montana	34,035,612	11,264,994	33
Nebraska	49,340,853	20,289,316	41
Nevada	34,008,078	3,966,709	12
New Hampshire	38,521,261	0	0
New Jersey	293,107,925	117,870,014	40
New Mexico	31,991,934	179,609	1
New York	1,813,894,198	83,780,570	5
North Carolina	225,973,410	33,336,771	15

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State	Total available during FY 97[a]	Unspent at end of FY 97	
		Amount	Percentage
North Dakota	11,066,221	7,103,367	64
Ohio	727,968,260	273,788,340	38
Oklahoma	142,813,558	56,548,265	40
Oregon	167,808,448	0	0
Pennsylvania	418,343,381	124,780,707	30
Rhode Island	46,025,651	9,161,666	20
South Carolina	93,872,849	17,443,093	19
South Dakota	18,759,543	6,958,868	37
Tennessee	178,849,849	33,302,361	19
Texas	431,610,973	84,059,489	19
Utah	76,829,219	2,913,038	4
Vermont	42,153,181	5,634,136	13
Virginia	94,875,210	12,174,690	13
Washington	289,298,269	67,367,274	23
West Virginia	78,593,212	26,046,415	33
Wisconsin	318,159,462	132,556,008	42
Wyoming	19,215,579	15,981,772	83
Total	**$12,867,548,930**	**$2,842,378,355**	**22**

Notes: Expenditure figures in this table are expressed in current (rather than constant) dollars. ACF data were provided to us in November 2000.

[a]Figures represent the total federal funds available for TANF from the current year grant and after funds have been transferred to CCDF and/or the Social Services Block Grant (SSBG). Unspent funds include obligated and unobligated funds from the current year award.

Table 7: Unspent TANF Balances by State, Fiscal Year 1998

State	Total available during FY 98[a]	Unspent at end of FY 98 Amount	Unspent at end of FY 98 Percentage
Alabama	$115,719,447	$58,577,586	51
Alaska	65,315,120	16,684,255	26
Arizona	237,421,664	98,658,119	42
Arkansas	65,497,455	36,536,395	56
California	4,212,514,595	1,545,590,011	37
Colorado	158,873,399	102,907,203	65
Connecticut	272,042,299	29,049,223	11
Delaware	28,779,177	700,244	2
District of Columbia	118,233,523	58,357,764	49
Florida	696,624,718	511,300,647	73
Georgia	340,449,038	117,706,439	35
Hawaii	94,813,346	9,838,752	10
Idaho	39,172,579	39,172,579	100
Illinois	526,556,960	0	0
Indiana	328,717,405	303,238,147	92
Iowa	145,421,961	57,772,197	40
Kansas	84,361,026	21,616,607	26
Kentucky	171,889,057	61,686,405	36
Louisiana	242,608,083	198,052,591	82
Maine	70,636,079	0	0
Maryland	283,997,680	157,666,238	56
Massachusetts	337,720,443	28,349,619	8
Michigan	615,662,302	151,817,265	25
Minnesota	321,540,547	200,783,187	62
Mississippi	107,968,509	37,705,006	35
Missouri	248,404,539	116,300,303	47
Montana	57,931,701	30,520,166	53
Nebraska	78,317,895	44,913,712	57
Nevada	48,842,561	12,010,312	25
New Hampshire	38,521,260	5,953,212	15
New Jersey	465,151,371	288,128,400	62
New Mexico	116,214,116	35,991,024	31
New York	2,250,711,172	689,661,843	31
North Carolina	331,602,192	126,485,752	38

(Continued From Previous Page)

State	Total available during FY 98[a]	Unspent at end of FY 98 Amount	Percentage
North Dakota	33,503,176	12,866,951	38
Ohio	928,959,774	743,732,865	80
Oklahoma	187,684,135	166,786,744	89
Oregon	166,798,629	51,657,218	31
Pennsylvania	791,276,486	407,705,131	52
Rhode Island	104,183,253	15,688,259	15
South Carolina	107,414,135	41,254,019	38
South Dakota	26,140,940	14,940,504	57
Tennessee	214,405,256	94,490,266	44
Texas	547,720,068	289,325,002	53
Utah	78,722,008	16,463,469	21
Vermont	41,771,447	11,205,709	27
Virginia	134,845,698	44,520,343	33
Washington	442,725,179	209,769,384	47
West Virginia	118,822,725	106,763,847	90
Wisconsin	392,289,770	328,634,171	84
Wyoming	37,519,861	37,358,459	100
Total	**$17,673,015,759**	**$7,786,893,544**	**44**

Notes: Expenditure figures in this table are expressed in current (rather than constant) dollars. ACF data were provided to us in November 2000.

[a]Figures represent the total federal funds available for TANF from current and prior year grants and after funds have been transferred to CCDF and/or SSBG. Unspent funds include obligated and unobligated funds from current and prior year awards.

Table 8: Unspent TANF Balances by State, Fiscal Year 1999

State	Total available during FY 99[a]	Unspent at end of FY 99 Amount	Unspent at end of FY 99 Percentage
Alabama	$100,717,688	$49,049,085	49
Alaska	45,166,879	7,003,822	16
Arizona	266,764,847	124,610,521	47
Arkansas	84,914,581	39,507,216	47
California	4,968,486,636	1,622,991,970	33
Colorado	184,908,291	114,779,125	62
Connecticut	242,683,151	40,730,502	17
Delaware	37,646,361	4,916,485	13
District of Columbia	112,347,499	61,127,647	54
Florida	779,261,783	666,344,023	86
Georgia	373,505,403	138,416,317	37
Hawaii	92,749,034	5,818,672	6
Idaho	55,786,246	43,558,518	78
Illinois	409,539,872	0	0
Indiana	284,040,960	217,305,956	77
Iowa	139,980,754	26,729,763	19
Kansas	107,496,981	0	0
Kentucky	144,637,093	18,313,652	13
Louisiana	193,174,375	123,958,187	64
Maine	67,979,875	0	0
Maryland	268,830,287	117,496,231	44
Massachusetts	339,559,785	69,086,307	20
Michigan	709,026,337	146,120,014	21
Minnesota	303,568,546	126,556,574	42
Mississippi	123,560,363	102,433,613	83
Missouri	215,178,548	26,779,610	12
Montana	62,641,460	37,761,409	60
Nebraska	94,769,208	9,155,486	10
Nevada	55,067,922	17,529,736	32
New Hampshire	44,474,473	16,528,993	37
New Jersey	441,465,522	292,065,326	66
New Mexico	188,745,084	98,925,524	52
New York	2,618,385,932	1,084,764,422	41
North Carolina	324,484,653	101,681,704	31

(Continued From Previous Page)

State	Total available during FY 99[a]	Unspent at end of FY 99	
		Amount	Percentage
North Dakota	34,484,654	10,586,334	31
Ohio	1,004,798,113	762,447,086	76
Oklahoma	146,705,222	61,367,186	42
Oregon	218,455,847	23,783,851	11
Pennsylvania	904,324,709	300,617,773	33
Rhode Island	94,876,294	0	0
South Carolina	101,916,315	30,971,011	30
South Dakota	28,053,734	15,633,907	56
Tennessee	241,756,012	121,304,523	50
Texas	614,790,387	275,636,017	45
Utah	85,985,922	31,359,407	36
Vermont	46,134,660	8,494,289	18
Virginia	145,645,274	15,700,416	11
Washington	424,721,793	212,406,431	50
West Virginia	173,587,727	158,992,155	92
Wisconsin	454,899,948	301,547,996	66
Wyoming	51,636,662	48,205,043	93
Total	**$19,254,319,702**	**$7,931,099,835**	**41**

Notes: Expenditure figures in this table are expressed in current (rather than constant) dollars. ACF data were provided to us in November 2000.

[a]Figures represent the total federal funds available for TANF from current and prior year grants and after funds have been transferred to CCDF and/or SSBG. Unspent funds include obligated and unobligated funds from current and prior year awards.

CCDF Expenditures

Table 9: Percentage of CCDF Funds Spent by Fiscal Year 1997

State	Total available during FY 97[a]	Total spent at end of FY 97	
		Amount	Percentage
Alabama	$44,853,839	$40,778,442	91
Alaska	10,011,642	8,060,289	81
Arizona	58,378,070	45,496,590	78
Arkansas	33,204,890	18,543,053	56
California	364,279,615	197,433,395	54
Colorado	33,492,990	16,515,789	49
Connecticut	28,013,490	27,821,954	99
Delaware	9,382,931	8,436,168	90
District of Columbia	8,454,771	7,821,523	93
Florida	145,787,473	109,012,204	75
Georgia	109,277,572	83,039,853	76
Hawaii	14,199,040	11,929,277	84
Idaho	15,558,484	7,069,613	45
Illinois	128,246,320	128,037,636	100
Indiana	115,458,735	53,960,519	47
Iowa	24,966,886	13,454,521	54
Kansas	26,966,598	24,023,169	89
Kentucky	54,092,026	41,677,679	77
Louisiana	91,292,076	41,698,254	46
Maine	13,329,724	11,838,765	89
Maryland	53,930,499	32,008,936	59
Massachusetts	195,463,681	181,944,066	93
Michigan	114,659,362	92,581,671	81
Minnesota	55,214,882	37,314,386	68
Mississippi	62,811,989	46,267,561	74
Missouri	56,140,977	54,719,308	97
Montana	9,265,418	6,180,303	67
Nebraska	22,503,156	16,279,213	72
Nevada	14,451,312	10,123,213	70
New Hampshire	11,701,346	8,276,554	71
New Jersey	73,315,764	56,068,767	76
New Mexico	24,401,971	23,886,850	98
New York	247,575,443	125,614,429	51
North Carolina	143,465,545	120,424,018	84

(Continued From Previous Page)

State	Total available during FY 97[a]	Total spent at end of FY 97	
		Amount	Percentage
North Dakota	7,539,033	3,481,508	46
Ohio	146,565,448	126,523,798	86
Oklahoma	77,894,426	43,057,162	55
Oregon	40,960,425	36,620,049	89
Pennsylvania	129,564,674	111,237,839	86
Rhode Island	11,869,713	11,366,645	96
South Carolina	57,035,669	21,508,822	38
South Dakota	11,531,781	4,860,565	42
Tennessee	104,305,318	82,075,661	79
Texas	229,024,680	155,507,378	68
Utah	30,430,020	19,690,968	65
Vermont	11,255,521	11,255,521	100
Virginia	81,094,993	56,802,062	70
Washington	71,787,990	66,807,736	93
West Virginia	28,676,642	19,683,923	69
Wisconsin	67,508,372	51,099,733	76
Wyoming	5,933,324	3,386,396	57
Total	**$3,527,126,546**	**$2,533,303,734**	**72**

Notes: Expenditure figures in this table are expressed in current (rather than constant) dollars. ACF provided data to us in May 2000.

[a]Figures represent the total federal funds available from current and prior year grants.

Table 10: Percentage of CCDF Funds Spent by Fiscal Year 1998

State	Total available during FY 98[a]	Total spent at end of FY 98	
		Amount	Percentage
Alabama	$63,986,078	$50,630,257	79
Alaska	12,331,257	10,699,802	87
Arizona	78,781,620	62,803,139	80
Arkansas	39,780,851	13,299,642	33
California	588,232,385	376,153,928	64
Colorado	50,272,849	29,397,429	58
Connecticut	36,172,237	36,102,530	100
Delaware	10,229,266	8,487,068	83
District of Columbia	8,500,378	8,500,378	100
Florida	202,416,406	152,741,227	75
Georgia	147,554,243	121,689,740	82
Hawaii	22,345,872	21,862,754	98
Idaho	20,601,664	14,157,673	69
Illinois	133,777,727	133,569,043	100
Indiana	179,922,683	78,168,305	43
Iowa	38,700,246	27,707,239	72
Kansas	37,083,798	33,264,738	90
Kentucky	76,557,166	47,573,472	62
Louisiana	154,570,237	51,087,263	33
Maine	17,001,394	15,183,257	89
Maryland	74,700,847	58,075,730	78
Massachusetts	181,812,290	154,780,001	85
Michigan	262,131,934	244,000,086	93
Minnesota	69,279,332	56,466,645	82
Mississippi	48,548,374	27,579,257	57
Missouri	61,153,486	61,055,188	100
Montana	12,851,044	11,487,643	89
Nebraska	27,676,043	26,889,452	97
Nevada	16,726,302	10,862,187	65
New Hampshire	14,145,208	13,906,191	98
New Jersey	103,630,499	100,303,638	97
New Mexico	37,633,287	34,394,232	91
New York	398,158,245	193,641,418	49

(Continued From Previous Page)

State	Total available during FY 98[a]	Total spent at end of FY 98	
		Amount	Percentage
North Carolina	155,615,606	145,960,014	94
North Dakota	10,872,920	5,727,146	53
Ohio	158,128,793	157,013,177	99
Oklahoma	114,920,289	56,602,134	49
Oregon	43,590,451	38,573,453	88
Pennsylvania	141,548,387	102,748,257	73
Rhode Island	12,651,526	12,046,998	95
South Carolina	74,598,206	57,621,063	77
South Dakota	13,915,743	8,426,622	61
Tennessee	113,704,190	108,552,819	95
Texas	394,907,988	213,506,682	54
Utah	40,860,822	32,167,061	79
Vermont	13,765,457	13,765,421	100
Virginia	108,966,152	49,185,616	45
Washington	109,850,821	108,759,685	99
West Virginia	39,984,746	36,395,458	91
Wisconsin	109,643,411	96,229,664	88
Wyoming	8,569,698	5,771,380	67
Total	**$4,893,360,454**	**$3,535,573,202**	**72**

Notes: Expenditure figures in this table are expressed in current (rather than constant) dollars. ACF provided data to us in May 2000.

[a]Figures represent the total federal funds available from current and prior year grants.

Table 11: Percentage of CCDF Funds Spent by Fiscal Year 1999

State	Total available during FY 99[a]	Total spent at end of FY 99	
		Amount	Percentage
Alabama	$107,574,571	$57,202,031	53
Alaska	39,340,198	27,145,709	69
Arizona	112,193,394	93,143,510	83
Arkansas	52,602,791	33,457,466	64
California	810,679,224	593,109,954	73
Colorado	65,893,305	52,911,968	80
Connecticut	36,908,751	36,908,751	100
Delaware	11,168,141	10,386,443	93
District of Columbia	39,052,958	21,153,009	54
Florida	309,105,674	279,076,326	90
Georgia	137,826,571	105,706,327	77
Hawaii	25,464,183	25,464,183	100
Idaho	23,147,848	20,897,499	90
Illinois	254,929,806	254,863,806	100
Indiana	222,063,797	98,805,265	44
Iowa	52,871,342	36,194,995	68
Kansas	36,847,446	36,184,080	98
Kentucky	126,736,834	50,154,179	40
Louisiana	210,254,317	132,648,218	63
Maine	20,207,404	20,207,404	100
Maryland	162,163,499	68,283,431	42
Massachusetts	197,542,286	178,420,148	90
Michigan	208,106,478	154,567,236	74
Minnesota	123,227,427	55,812,165	45
Mississippi	76,000,298	39,502,736	52
Missouri	105,248,951	85,802,008	82
Montana	28,135,291	16,419,693	58
Nebraska	22,851,054	22,851,054	100
Nevada	19,321,241	10,549,509	55
New Hampshire	11,022,087	8,629,598	78
New Jersey	281,551,136	53,022,914	19
New Mexico	41,291,385	41,291,335	100
New York	503,181,075	341,654,743	68

(Continued From Previous Page)

State	Total available during FY 99[a]	Total spent at end of FY 99	
		Amount	Percentage
North Carolina	213,415,517	202,040,446	95
North Dakota	12,068,832	9,455,545	78
Ohio	142,585,786	142,585,786	100
Oklahoma	139,383,281	101,027,178	72
Oregon	45,255,053	41,512,044	92
Pennsylvania	291,600,001	213,746,647	73
Rhode Island	26,657,154	16,840,513	63
South Carolina	63,274,230	49,297,502	78
South Dakota	14,505,402	11,995,635	83
Tennessee	132,754,590	126,204,169	95
Texas	441,882,003	279,195,571	63
Utah	43,874,589	43,874,585	100
Vermont	15,241,447	15,241,409	100
Virginia	151,996,948	92,225,485	61
Washington	199,817,414	159,999,861	80
West Virginia	30,552,672	12,943,624	42
Wisconsin	109,856,636	108,562,513	99
Wyoming	21,322,463	5,694,597	27
Total	**$6,570,554,781**	**$4,694,870,803**	**71**

Notes: Expenditure figures in this table are expressed in current (rather than constant) dollars. ACF provided data to us in May 2000.

[a]Figures represent the total federal funds available from current and prior year grants.

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