

MEMORANDUM

February 17, 2021

Subject: The Child Care and Development Fund (CCDF) in FY2021 Reconciliation Proposals

This memorandum was prepared to enable distribution to more than one congressional office.

The Coronavirus Disease 2019 (COVID-19) pandemic has raised questions about the fragility of the child care market and the child care needs of working families. This has prompted Congress to include several child care provisions in legislation responding to the COVID-19 pandemic. For instance, the Child Care and Development Block Grant (CCDBG) has received \$13.5 billion in supplemental appropriations, including \$3.5 billion in the Coronavirus Aid, Relief, and Economic Security Act (CARES, P.L. 116-136) and \$10.0 billion in the Coronavirus Relief and Response Supplemental Appropriations Act (CRRSA, Division M of P.L. 116-260).¹ In addition, the Families First Coronavirus Response Act (FFCRA, P.L. 116-127) effectively reduced by 6.2 percentage points the amount of matching funds a state must contribute to claim its full federal matching allotment from the Child Care Entitlement to States (CCES), a companion funding stream to the CCDBG.² Combined, these two funding streams—the CCDBG and the CCES—are commonly called the Child Care and Development Fund (CCDF).

During the week of February 8, 2021, two committees in the U.S. House of Representatives ordered transmitted recommendations to provide additional support to the CCDF. These proposals were considered by the Committee on Education and Labor (E&L) and the Committee on Ways and Means (W&M) in response to reconciliation directives contained in the FY2021 budget resolution (S.Con.Res. 5).³ Specifically, the committees ordered transmitted the following reconciliation recommendations:

- E&L recommended one-time mandatory appropriations totaling \$39.0 billion for the CCDBG. From this amount, \$23.975 billion would be for child care stabilization grants, \$14.990 billion would be for additional CCDBG grants, and \$35 million would be for federal administrative costs. These appropriations would augment amounts already

¹ For more information about the CARES supplemental, see CRS Report R46324, *COVID-19: Child Care and Development Block Grant (CCDBG) Supplemental Appropriations in the CARES Act*. For more information about the CRRSA supplemental, see CRS Memorandum *FY2021 Supplemental Appropriations for the Child Care and Development Block Grant in Division M of P.L. 116-260*, available upon request.

² For more background, see CRS In Focus IF10511, *Child Care Entitlement to States*. Note that the federal response to COVID-19 has included additional provisions beyond those mentioned here that may benefit child care providers and working families. For instance, child care providers and families may benefit from other broad-based provisions in enacted COVID-19 response bills (e.g., Paycheck Protection Program, Paid Family and Medical Leave).

³ For information on the budget resolution for 2021, which contains reconciliation directives, see CRS Report R46675, *S.Con.Res. 5: The Budget Resolution for FY2021*. For information on budget reconciliation in general, see CRS Report R44058, *The Budget Reconciliation Process: Stages of Consideration*.

appropriated to the CCDBG for FY2021, including \$5.911 billion in annual discretionary appropriations and \$10.0 billion in supplemental discretionary appropriations.

- W&M recommended permanent annual mandatory appropriations of \$3.550 billion for the CCES. This would be an increase of \$633 million (+22%) from the current law baseline of \$2.917 billion. The CCES has been funded at \$2.917 billion in each year since FY2006. The CCES has largely been funded through short- and medium-term extensions since FY2011. The current CCES funding extension (P.L. 116-260, Division CC) is scheduled to expire at the end of FY2021.

Combined, the CCDF provisions in the E&L and W&M reconciliation recommendations would bolster total CCDF appropriations by roughly \$39.633 billion in FY2021, representing an increase of roughly 211% from currently enacted levels. In addition, the Congressional Budget Office scored the W&M recommendations as increasing total CCES appropriations by almost \$6.963 billion over the course of FY2021-FY2031.⁴

This memorandum begins with a brief introduction to the CCDF, followed by summaries of the CCDF provisions contained in the two sets of committee reconciliation recommendations. The memo also includes estimated allotments. The estimates were developed in time-limited circumstances and are *intended to be illustrative only*. Should these recommendations become law, the U.S. Department of Health and Human Services (HHS) would be the federal agency tasked with allotting the CCDF funds.

CCDF Overview

The Child Care and Development Fund (CCDF) is the main source of federal funding dedicated primarily to child care for low-income working families. The term “CCDF” was coined in regulation by HHS to encompass multiple child care funding streams, including discretionary child care funds authorized by the Child Care and Development Block Grant (CCDBG) Act, mandatory child care funds authorized by Section 418 of the Social Security Act (also referred to as the Child Care Entitlement to States, or CCES), and state maintenance-of-effort (MOE) and matching funds associated with the CCES. These funds may also be augmented, at state option, by federal funds transferred to the CCDF from states’ Temporary Assistance for Needy Families (TANF) block grants. In general, CCDF funds are used to subsidize the cost of child care for eligible children of low-income working parents. Funds are also used for activities to improve the quality of child care and for certain other costs and activities.

Table 1 provides a five-year appropriations history for the CCDF. For FY2021, the table shows enacted appropriations only. Should the committee reconciliation proposals be enacted, the CCDF would receive an additional \$39.633 billion in FY2021.

Table 1. CCDF Appropriations History
(dollars in billions)

| Fiscal Year | CCDBG | CCES | Total Excluding Supplementals | Total Including Supplementals |
|-------------|-------|-------|-------------------------------|-------------------------------|
| 2017 | 2.856 | 2.917 | 5.773 | 5.773 |
| 2018 | 5.226 | 2.917 | 8.143 | 8.143 |
| 2019 | 5.258 | 2.917 | 8.175 | 8.175 |

⁴ See the Congressional Budget Office cost estimate of “Reconciliation Recommendations of the House Committee on Education and Labor,” released on February 15, 2021, at <https://www.cbo.gov/system/files/2021-02/hwaysandmeansreconciliation.pdf>.

| Fiscal Year | CCDBG | CCES | Total Excluding Supplementals | Total Including Supplementals |
|-------------|----------------|-------|-------------------------------|-------------------------------|
| 2020 | 5.826 + 3.500 | 2.917 | 8.743 | 12.243 |
| 2021 | 5.911 + 10.000 | 2.917 | 8.828 | 18.828 |

Source: Prepared by the Congressional Research Service (CRS) based on amounts specified in CCDF appropriations or, where applicable, as reported in CCDF allocation data. CCDF allocation data reflect funding transfers, where appropriate. CCDBG amounts for FY2020 and FY2021 enacted show annual appropriations, plus supplemental appropriations.

CCDBG Reconciliation Provisions

The E&L reconciliation recommendations call for \$39.0 billion in one-time mandatory appropriations for the CCDBG.⁵ The E&L recommendations would divide these funds into three stand-alone appropriations:

- \$23.975 billion for a new child care stabilization fund,
- \$14.990 billion in additional CCDBG funds, and
- \$35 million for federal administrative costs, including technical assistance and research.

Historically, the CCDBG has received discretionary appropriations, so the proposed mandatory appropriations would represent a break from this precedent. In total, the E&L recommendations would increase appropriations for the CCDBG activities by roughly 245%. For estimated allotments from each of these proposed appropriations, see **Table 2** later in this memorandum.

Child Care Stabilization Grants

Section 2203 of the E&L reconciliation recommendations calls for \$23.975 billion in one-time mandatory appropriations for child care stabilization grants. With limited exceptions, these funds would be subject to CCDBG Act rules.⁶ These funds would remain available for obligation by HHS through the end of FY2021 (September 30, 2021). The E&L language specifies that the funds are to supplement, not supplant, other federal, state, and local public funds for child care services for eligible individuals, including funds provided under the CCDBG and state child care programs.

Section 2204 of the E&L reconciliation recommendations outlines rules for the new child care stabilization grants. This section specifies that HHS is to allocate funds to state, territorial, and tribal CCDF lead agencies⁷ who submit a letter of intent for stabilization grants. Funds to lead agencies would be allotted in accordance with the CCDBG Act allotment formula.⁸ Under this formula, HHS may reserve

⁵ Analysis in this memorandum is based on provisions included in the Amendment in the Nature of a Substitute, dated February 8 (2:44 p.m.), which is available on the E&L website at [https://edlabor.house.gov/imo/media/doc/ANS_CommitteePrint\(ReconciliationDirectives\).pdf](https://edlabor.house.gov/imo/media/doc/ANS_CommitteePrint(ReconciliationDirectives).pdf).

⁶ The bill text includes several provisions that would effectively waive or alter certain underlying requirements of the CCDBG Act. For instance, the bill text would effectively exempt these funds from certain categorical spending requirements in the CCDBG Act. Specifically, these funds would not be subject to CCDBG Act provisions requiring that state and territorial lead agencies spend (1) at least 12% of funds on quality improvement activities (including at least 3% on quality activities for infants and toddlers), (2) not more than 5% of funds on administrative costs, (3) not less than 70% of certain funds—after other steps are taken—on direct services, and (4) a “substantial portion” of funds remaining after certain other steps on assistance to low-income working families. Under current law and regulations, there is some variation in the extent to which these current law requirements apply to tribal lead agencies. The variation is based, in part, on the size of the lead agency’s grant award.

⁷ CCDF lead agencies are designated by the state or territory’s governor or by the appropriate tribal leader.

⁸ Section 2203 appears to retain the CCDBG Act formula components regarding allotments to lead agencies. However, it appears

up to 0.5% of funds for territories and not less than 2% of funds for Indian tribes and tribal organizations. (Typically, HHS reserves the full 0.5% for territories and uses the Secretary's discretion to reserve 2.75% for tribes and tribal organizations.) Funds are allotted among states (defined by Section 658O of the CCDBG Act to include the District of Columbia and Puerto Rico) based on each state's share of children under age five, each state's share of children receiving free- or reduced-price lunches, and state per capita income.

Section 2204 would allow lead agencies to use up to 10% of their allotments for administrative costs, including costs related to administering and providing technical assistance for the new stabilization grant program. Remaining funds would be used to provide subgrants to child care providers. Under this section, child care providers may be eligible for subgrants if they are eligible for CCDF funds⁹ or if they are licensed, regulated, or registered within the state, territory, or tribe. Providers may receive subgrants regardless of whether they are closed due to the COVID-19 public health emergency on the date they apply (though their applications must indicate their operating status).¹⁰ Lead agencies would be expected to determine subgrant amounts based on the provider's "stated current operating expenses, including costs associated with providing or preparing to provide child care services during the COVID-19 public health emergency." To the extent practicable, subgrants would be expected to cover operating expenses for the intended period of the subgrant.

Section 2204 would require lead agencies to post applications for subgrants online. Lead agencies would also be required to process applications on a rolling basis and, with limited exceptions, make payments in advance of provider expenditures.¹¹ Lead agencies would be required to notify HHS if they are unable to obligate at least 50% of their subgrant funds within nine months of enactment.¹²

In applying for subgrants, child care providers would be expected to certify that, when open, they will implement policies in line with guidance from state, tribal, and local authorities, and to the greatest extent possible, guidance from the Centers for Disease Control and Prevention. Providers would also need to certify that they will not reduce an employee's compensation (and any applicable benefits) from the level that was in place on the date the subgrant application was submitted. Finally, providers would also need to certify that they will offer families relief from copayments and tuition payments, to the greatest extent possible, and prioritize such relief for families struggling to make either type of payment.

Section 2204 would require that subgrants be used for at least one of the following:

- personnel costs, including compensation and benefits (this may include compensation for sole proprietors, premium pay, and costs of recruitment and retention);
- rent, mortgage payments, utilities, facility maintenance or improvements, insurance;

to exclude other statutory formula set-asides for technical assistance and dissemination (up to 0.5%); research, demonstration, and evaluation (0.5%); and for a national toll-free hotline and website (not more than \$1.5 million).

⁹ Under Section 658P of the CCDBG Act, *eligible child care providers* generally must (1) be licensed, regulated, or registered by the state (though states may exempt certain providers from this requirement), and (2) meet CCDBG Act health and safety requirements. An exception to these requirements is made in cases of child care providers caring only for relatives. However, such providers must comply with requirements applicable to relative caregivers

¹⁰ Section 2204 defines the term *COVID-19 public health emergency* to mean "the public health emergency declared by the Secretary of Health and Human Services under section 319 of the Public Health Service Act (42 U.S.C. 247d) on January 31, 2020, with respect to COVID-19, including any renewal of the declaration."

¹¹ An exception is that subgrants may be used for amounts obligated or expended for allowable goods or services (see bulleted list in the body of the memo) before the date of enactment, provided the expense was in response to COVID-19.

¹² This provision does not appear to affect the actual obligation deadline for lead agencies; rather, it seems to require a status update on obligations. Because these funds are generally subject to CCDBG Act requirements, the funds would presumably be subject to CCDBG obligation and expenditure deadlines. The CCDBG Act and accompanying regulations typically give lead agencies two years to obligate funds and a third year to liquidate funds (e.g., funds awarded in FY2021 would need to be obligated by the end of FY2022 and liquidated by the end of FY2023).

- personal protective equipment, cleaning and sanitization costs, training and professional development related to health and safety practices;
- purchases of or updates to equipment and supplies to respond to the COVID–19 public health emergency;
- goods and services necessary to maintain or resume child care services; or
- mental health supports for children and employees.

Additional CCDBG Appropriations

Section 2203 of the E&L reconciliation recommendations would call for an additional \$14.990 billion in one-time mandatory appropriations for the CCDBG. These funds would remain available for obligation by HHS through the end of FY2021 (September 30, 2021). HHS typically allocates CCDBG funds according to a formula set in statute. Section 2203 would not appear to override or waive this formula, so any funds appropriated in the bill would presumably be allocated under the CCDBG Act formula.

The CCDBG Act formula requires or allows HHS to make reservations from the total appropriation for the following entities or activities: (1) territories; (2) tribes and tribal organizations; (3) technical assistance and dissemination; (4) research, demonstrations, and evaluation; and (5) a national toll-free hotline and website. After these reservations have been made, remaining funds are allotted to states (defined by Section 658O of the CCDBG Act to include the District of Columbia and Puerto Rico). The state funds are allocated according to a formula based on each state’s share of children under age five, each state’s share of children receiving free- or reduced-price lunches, and state per capita income. Section 2203 would not seem to prohibit HHS from reserving funds from this appropriation for certain administrative set-asides (e.g., technical assistance, research). However, it’s not clear whether HHS would take such reservations from this appropriation given that Section 2203 contains a separate appropriation of \$35 million for federal costs of administering Section 2203 and Section 2204, including costs of technical assistance and research.

In general, lead agencies would be able to use these funds under existing CCDBG Act authorities. Unlike the earlier \$10.0 billion in supplemental FY2021 CCDBG funds appropriated in the CRRSA Act, Section 2203 would not limit these funds to costs associated with preventing, preparing for, and responding to COVID-19. Section 2203 would, however, effectively waive or alter certain underlying requirements of the CCDBG Act. For instance, these funds *would not* be subject to certain CCDBG categorical spending rules that typically require lead agencies to spend a certain percentage of their funds on quality activities and direct services.¹³ In addition, Section 2203 would authorize lead agencies to use these funds to provide child care assistance to certain essential workers *regardless of their income*. Typically, CCDBG subsidies are limited to eligible children in families with incomes that do not exceed 85% of the state median. (States commonly set this income threshold lower.) This provision would effectively expand eligibility, regardless of income, to the eligible children of health care sector employees, emergency responders, sanitation workers, and other workers deemed essential during the response to coronavirus by public officials.¹⁴

¹³ For instance, these funds would not be subject to CCDBG Act and regulatory provisions requiring that state and territorial lead agencies spend (1) at least 12% of funds on quality improvement activities (including at least 3% on quality activities for infants and toddlers), (2) not less than 70% of certain funds—after other steps are taken—on direct services, and (3) a “substantial portion” of funds remaining after certain other steps on assistance to low-income working families. Under current law and regulations, there is some variation in the extent to which these current law requirements apply to tribal lead agencies. The variation is based, in part, on the size of the lead agency’s grant award.

¹⁴ This provision would not waive other aspects of the definition of *eligible child* under the CCDBG Act and regulations. In addition to the income limit, the current law definition specifies that eligible children must (1) be under age 13 (though they may

Section 2203 would also extend the standard period in which lead agencies must obligate these funds. Under Section 2203, lead agencies must obligate these funds in the current fiscal year or the succeeding two fiscal years. Effectively, this would give lead agencies until the end of FY2023 to obligate funds awarded under this section. Under current law, the CCDBG Act typically gives lead agencies two fiscal years, rather than three, to obligate funds. Regulations give lead agencies an additional year to liquidate these obligations.

Federal Administration

Section 2203 of the E&L reconciliation recommendations would provide an additional \$35 million in one-time mandatory appropriations for certain federal administrative costs. HHS would be authorized to use these funds for costs of providing technical assistance and conducting research, as well as for the administrative costs to carry out Sections 2203 and 2204 (i.e., the sections related to CCDBG funds, including new funds for child care stabilization grants). These funds would remain available to HHS until the end of FY2025 (September 30, 2025).

CCES Reconciliation Provisions

Subtitle I, Section 9801, of the W&M reconciliation recommendations would provide permanent mandatory annual appropriations of \$3.550 billion for the CCES.¹⁵ This would represent an increase of \$633 million (+22%) from the current law baseline of \$2.917 billion. The CCES has been funded at \$2.917 billion in each year since FY2006. Since FY2011, CCES funding has been provided by a series of short- and medium-term extensions. The current extension, provided in Division CC of P.L. 116-260, is scheduled to expire at the end of FY2021 (September 30, 2021).

Section 9801 would divide total CCES appropriations as follows: \$3.375 billion for grants to states, \$100 million for grants to Indian tribes and tribal organizations, and \$75 million for grants to territories. This would be a change from current law in two main respects: (1) territories are not eligible for CCES funds under current law and (2) tribes and tribal organizations are to receive between 1% and 2% of the total appropriation under current law, with remaining funds generally going to states. Annual CCDBG act appropriations since FY2016 have also applied two CCDBG set-asides to the total CCES appropriation—up to 0.5% for technical assistance and 0.5% for research, demonstration, and evaluation. It is not clear if the drafting of Section 9801, which would specify exact dollar amounts for grants to states, territories, and tribes that sum to the total appropriation, would be read as conflicting with provisions that apply these additional set-asides to the FY2021 CCES appropriation.¹⁶

Section 9801 would provide CCES grants to five territories: American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands. No territories are eligible for CCE funds under current law. The total amount reserved for territories would then be allotted based on the share each territory received from the CCDBG for the “then most recent fiscal year.” Section 9801 clarifies that amounts allotted to territories would generally need to be expended in accordance with CCDBG Act rules. These new allotments to territories would effectively be exempted from the cap on payments to territories

be older, at state option, in special circumstances), (2) reside with a parent who is working or attending job training (unless the child is receiving or needs to receive protective services), and (3) have no more than \$1 million in family assets.

¹⁵ Analysis in this memorandum is based on the draft bill text posted to the W&M website in advance of the markup. The draft bill text is dated February 8, 2021 (2:11 p.m.). The draft bill text is available at <https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/9.%20Child%20Care%20Base%20Text%20%28Subtitle%20I%2C%20order%204%29.pdf>.

¹⁶ For purposes of the estimates in **Table 3**, the Congressional Research Service (CRS) has assumed that these provisions will be read as being in harmony (i.e., allowing HHS to reduce amounts reserved for grants to states, territories, and tribes, in order to accommodate the set-asides for technical assistance and research).

established by Section 1108(a) of the Social Security Act. Territories would be required to obligate their full allotments by the end of the fiscal year in which they are received. At that point, any funds not obligated would be eligible for redistribution by HHS among territories that are able to use such funds.

Section 9801 would temporarily limit (for FY2021 and FY2022) the amount of match a state must contribute in order to gain access to its maximum CCES allotment. Under current law, CCES funds are allotted to states in two parts. First, each state receives a fixed amount each year, equal to the federal funds the state received for welfare-related child care programs in the mid-1990s. This amount totals \$1.2 billion annually and is sometimes called “guaranteed” mandatory funding, as there are no state maintenance-of-effort (MOE) or matching requirements. Second, remaining CCES funds are allotted based on each state’s share of children under age 13. To qualify for these funds, a state must (1) meet a specified obligation deadline for all of its guaranteed mandatory funds and (2) meet an MOE requirement set at 100% of the amount the state spent on certain welfare-related child care programs in the mid-1990s. The MOE amount totals \$888 million annually. In addition, states must match these additional federal funds with state dollars at the Federal Medical Assistance Percentage (FMAP) level, sometimes called the Medicaid matching rate.

The FMAP is determined annually and varies by state according to each state’s per capita income relative to the U.S. per capita income.¹⁷ The formula provides higher FMAP rates, or federal funding rates, to states with lower per capita incomes, and it provides lower FMAP rates to states with higher per capita incomes. The Families First Coronavirus Response Act (FFCRA; P.L. 116-127) added a temporary FMAP increase of 6.2 percentage points beginning January 1, 2020. This FMAP increase is to continue through the COVID-19 public health emergency period.¹⁸ For the CCES, this enhanced FMAP has the effect of decreasing the total amount of match a state must contribute to receive its maximum allotment of federal CCES matching funds.

As **Table 3** shows, states are estimated to receive roughly \$512 million of the \$633 million in additional CCES funds provided under Section 9801. The additional \$512 million for states would be treated as federal matching funds for CCES allotment purposes (i.e., the funds would be allotted to states based on each state’s share of children under the age of 13). Typically, such funds would need to be matched at FMAP by state contributions. However, Section 9801 effectively calls for these funds to be exempt from state match requirements in FY2021 and FY2022. For example, in FY2021, states would be expected to contribute the state match necessary to receive their full federal matching allotment from the current law funding level of \$2.917 billion, but they would not need to match their share of funds from the additional \$512 million provided by Section 9801.¹⁹

Section 9801 would also appear to effectively place limitations on a state’s eligibility for a share of the additional \$512 million in FY2021 and FY2022.²⁰ For instance, the bill would effectively restrict eligibility to those states that are “entitled” to their full share of federal matching funds under the current law funding level of \$2.917 billion in FY2021. States are “entitled” to their full share of current law matching funds in FY2021 if they (1) meet the minimum state MOE and match requirements associated with their maximum allotments and (2) obligate their full federal allotments by the end of FY2021.

¹⁷ For more information, see CRS Report R43847, *Medicaid’s Federal Medical Assistance Percentage (FMAP)*.

¹⁸ For more information, see CRS Report R46346, *Medicaid Recession-Related FMAP Increases*.

¹⁹ This appears to be the intent for FY2022 as well. However, the bill text is somewhat ambiguous. It specifies that state match is to be suspended in FY2021 and FY2022 for states who would be entitled to receive their full allotment from the CCES “in the absence of this section.” In FY2021, the amount used to calculate state allotments “in the absence of this section” would be \$2.917 billion since current law already appropriated that amount for FY2021. However, there is not yet a current law CCES appropriation for FY2022, so it’s not clear what number would be used to calculate states allotments “in the absence of this section” for FY2022.

²⁰ The same issues raised for FY2022 in Footnote 19 would also apply here.

Historically, some states have opted not to contribute the minimum state match necessary to receive their maximum federal matching allotment. Such states would presumably be ineligible for a share of the additional \$512 million in FY2021. Expenditure data for federal matching funds initially awarded in FY2010-FY2019 indicate that between two and six states did not obligate their full matching award by the end of the fiscal year in which funds were awarded (effectively reducing the amount of state match needed).²¹ Such unobligated funds would generally be redistributed among other eligible states in the next fiscal year.

Estimates

The tables below present allotment estimates for each of the reconciliation recommendations discussed in this memorandum. **Table 2** presents estimates for the three proposed FY2021 appropriations associated with the CCDBG. **Table 3** presents FY2021 estimates for the proposed increase in CCES appropriations. For context, both tables also display estimates of FY2021 allotments under current law.

The estimates below were developed in time-limited circumstances and are *intended to be illustrative only*. Should the committee recommendations become law, HHS would be the federal agency tasked with allotting these funds.

²¹ The specific states who did not obligate their full matching award varied year to year. Three states were consistently on this list for 5-8 of the 10 years reviewed, including for each of FY2015-FY2019: Idaho, Kansas, and Tennessee. For purposes of this analysis, FY2019 expenditure data are the most recent available.

Table 2. Estimated or Actual Allotments for FY2021 CCDBG Appropriations in Current Law and as Proposed in Section 2203 of the Education and Labor Committee's Reconciliation Recommendations

(Dollars in Millions)

| State | FY2021 Current Law Estimates (P.L. 116-260) | | | FY2021 Estimates for E&L Reconciliation Recommendations | | | |
|----------------------|---|---------------------------------|--------------------|---|---------------------------------|------------------------|--------------|
| | CCDBG Annual Appropriation (Division H) | CCDBG Supplemental (Division M) | P.L. 116-260 Total | CCDBG Supplemental | Child Care Stabilization Grants | Federal Administration | E&L Total |
| Alabama | 107 | 188 | 295 | 283 | 453 | — | 735 |
| Alaska | 11 | 19 | 30 | 28 | 45 | — | 74 |
| Arizona | 141 | 249 | 390 | 374 | 598 | — | 972 |
| Arkansas | 68 | 119 | 187 | 179 | 287 | — | 466 |
| California | 548 | 964 | 1,512 | 1,450 | 2,319 | — | 3,769 |
| Colorado | 68 | 119 | 187 | 179 | 287 | — | 466 |
| Connecticut | 40 | 71 | 111 | 106 | 170 | — | 277 |
| Delaware | 16 | 28 | 44 | 42 | 67 | — | 109 |
| District of Columbia | 9 | 17 | 26 | 25 | 40 | — | 65 |
| Florida | 361 | 635 | 996 | 955 | 1,527 | — | 2,482 |
| Georgia | 229 | 404 | 633 | 607 | 971 | — | 1,578 |
| Hawaii | 19 | 33 | 52 | 50 | 80 | — | 130 |
| Idaho | 33 | 58 | 91 | 87 | 139 | — | 226 |
| Illinois | 189 | 332 | 521 | 499 | 798 | — | 1,297 |
| Indiana | 128 | 225 | 353 | 339 | 542 | — | 880 |
| Iowa | 54 | 95 | 149 | 143 | 228 | — | 371 |
| Kansas | 51 | 89 | 140 | 134 | 214 | — | 349 |
| Kentucky | 111 | 196 | 307 | 295 | 471 | — | 766 |
| Louisiana | 113 | 198 | 311 | 298 | 477 | — | 775 |
| Maine | 17 | 31 | 48 | 46 | 73 | — | 119 |

| State | FY2021 Current Law Estimates (P.L. 116-260) | | | FY2021 Estimates for E&L Reconciliation Recommendations | | | |
|----------------|---|---------------------------------|--------------------|---|---------------------------------|------------------------|-----------|
| | CCDBG Annual Appropriation (Division H) | CCDBG Supplemental (Division M) | P.L. 116-260 Total | CCDBG Supplemental | Child Care Stabilization Grants | Federal Administration | E&L Total |
| Maryland | 73 | 129 | 202 | 194 | 310 | — | 504 |
| Massachusetts | 74 | 131 | 206 | 197 | 315 | — | 512 |
| Michigan | 166 | 292 | 458 | 439 | 703 | — | 1,142 |
| Minnesota | 77 | 135 | 212 | 203 | 325 | — | 528 |
| Mississippi | 76 | 133 | 209 | 200 | 320 | — | 521 |
| Missouri | 105 | 185 | 290 | 278 | 445 | — | 724 |
| Montana | 16 | 28 | 45 | 43 | 68 | — | 111 |
| Nebraska | 34 | 60 | 94 | 90 | 143 | — | 233 |
| Nevada | 53 | 93 | 145 | 139 | 223 | — | 362 |
| New Hampshire | 11 | 20 | 31 | 30 | 48 | — | 78 |
| New Jersey | 101 | 178 | 280 | 268 | 429 | — | 697 |
| New Mexico | 47 | 82 | 129 | 124 | 198 | — | 321 |
| New York | 266 | 469 | 735 | 705 | 1,127 | — | 1,832 |
| North Carolina | 191 | 336 | 527 | 505 | 808 | — | 1,313 |
| North Dakota | 11 | 19 | 31 | 29 | 47 | — | 76 |
| Ohio | 189 | 333 | 523 | 501 | 802 | — | 1,303 |
| Oklahoma | 86 | 151 | 237 | 227 | 364 | — | 591 |
| Oregon | 59 | 104 | 163 | 156 | 250 | — | 406 |
| Pennsylvania | 173 | 304 | 477 | 457 | 731 | — | 1,188 |
| Puerto Rico | 45 | 79 | 123 | 118 | 189 | — | 308 |
| Rhode Island | 14 | 24 | 37 | 36 | 57 | — | 93 |
| South Carolina | 103 | 182 | 285 | 274 | 438 | — | 711 |
| South Dakota | 15 | 26 | 40 | 39 | 62 | — | 101 |

| State | FY2021 Current Law Estimates (P.L. 116-260) | | | FY2021 Estimates for E&L Reconciliation Recommendations | | | |
|--|---|---------------------------------|--------------------|---|---------------------------------|------------------------|---------------|
| | CCDBG Annual Appropriation (Division H) | CCDBG Supplemental (Division M) | P.L. 116-260 Total | CCDBG Supplemental | Child Care Stabilization Grants | Federal Administration | E&L Total |
| Tennessee | 131 | 231 | 362 | 348 | 556 | — | 903 |
| Texas | 645 | 1,136 | 1,781 | 1,708 | 2,731 | — | 4,439 |
| Utah | 62 | 109 | 171 | 164 | 262 | — | 426 |
| Vermont | 7 | 12 | 19 | 18 | 29 | — | 48 |
| Virginia | 116 | 204 | 319 | 306 | 490 | — | 796 |
| Washington | 92 | 162 | 255 | 244 | 391 | — | 635 |
| West Virginia | 38 | 67 | 105 | 101 | 161 | — | 261 |
| Wisconsin | 85 | 149 | 233 | 224 | 358 | — | 582 |
| Wyoming | 7 | 12 | 19 | 18 | 29 | — | 48 |
| Subtotal, States | 5,481 | 9,645 | 15,126 | 14,503 | 23,196 | — | 37,699 |
| American Samoa | 8 | 13 | 20 | 19 | 31 | — | 50 |
| Guam | 11 | 18 | 29 | 27 | 44 | — | 71 |
| N. Mariana Islands | 5 | 9 | 15 | 14 | 22 | — | 36 |
| Virgin Islands | 6 | 10 | 15 | 14 | 23 | — | 38 |
| Subtotal, Territories^a | 30 | 50 | 80 | 75 | 120 | — | 195 |
| Tribes ^b | 340 | 275 | 615 | 412 | 659 | — | 1,072 |
| Technical Assistance ^c | 30 | — | 30 | — | — | — | — |
| Research & Evaluation ^d | 30 | — | 30 | — | — | — | — |
| Hotline & Website ^e | 2 | — | 2 | — | — | — | — |
| Federal Admin/Other ^f | — | 30 | 30 | — | — | 35 | 35 |
| Total | 5,911 | 10,000 | 15,911 | 14,990 | 23,975 | 35 | 39,000 |

Source: FY2021 supplemental allotments from the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA, Division M of P.L. 116-260) are as reported by HHS at <https://www.acf.hhs.gov/occ/training-technical-assistance/office-child-care-covid-19-resources>. All other amounts in this table were estimated by CRS based on bill text, actual HHS allotments from the CRRSA Act, and additional assumptions detailed in the notes below.

Notes: These estimates are meant to be illustrative only. HHS would make the final allotment determinations for all CCDBG appropriations that become law. Amounts in this table may not sum to totals due to rounding.

- a. Under the statutory formula, territories shall receive up to 0.5% of the total appropriation. HHS reserved the full 0.5% for territories under the CRRSA Act. The estimates assume 0.5% will be reserved for territories under all other enacted or proposed appropriations shown above (except for the proposed \$35 million appropriation for federal administration). Note that Puerto Rico is treated as a state for purposes of the allocation formula.
 - b. Under the statutory formula, tribes shall receive not less than 2% of the total appropriation. HHS reserved 2.75% for tribes under the CRRSA Act. The estimates assume that will also be the case for the E&L proposals (except for the proposed \$35 million for federal administration). The estimates assume a total of 5.75% will be reserved for tribes from the annual appropriations provided in Division H of P.L. 116-260. This includes 2.75% reserved under the HHS Secretary's discretion, as well as an additional \$177 million, as specified in Division H of P.L. 116-260.
 - c. Under the statutory formula, HHS shall reserve up to 0.5% for technical assistance and dissemination activities. HHS typically reserves the full amount from annual CCDBG appropriations; the estimates for funds provided under Division H of P.L. 116-260 assume the full 0.5% will be reserved. HHS did not report reserving a specific amount for technical assistance from the CRRSA Act, but HHS allotments from CRRSA do not account for roughly \$30 million. It is possible that a portion of this \$30 million may be going toward technical assistance activities (some of these funds might also be used for research or other costs of federal administration). The E&L recommendations included a standalone appropriation for the "costs of providing technical assistance and conducting research and for the administrative costs to carry out Sections 2203 and 2204." In light of this, the E&L estimates assume that no funds from the CCDBG supplemental and child care stabilization grants will be reserved for technical assistance. However, nothing in the E&L proposal would seem to prevent HHS from also reserving up to 0.5% of the CCDBG supplemental funds for technical assistance. By contrast, this would not seem allowable for the funds appropriated for child care stabilization grants.
 - d. Under the statutory formula, HHS may reserve 0.5% for research, demonstrations, evaluation, and related activities. For each of the proposed and enacted appropriations above, the assumptions for research and related activities are consistent with the assumptions for technical assistance discussed in Table Note c.
 - e. Under the statutory formula, HHS shall reserve up to \$1.5 million for a national toll-free hotline and website. HHS typically reserves the full \$1.5 million from annual CCDBG appropriation. The estimates above assume this will be the case in FY2021. That is, they assume that \$1.5 million will be reserved from the annual CCDBG appropriation in Division H of P.L. 116-260 and that no funds from the other enacted or proposed appropriations will go toward the toll-free hotline and website.
 - f. The statutory formula does not explicitly authorize HHS to reserve funds for federal administration. However, the CRRSA Act authorized HHS to reserve up to \$15 million for federal administration. This table shows \$30 million as a catch-all, since HHS has not reported the breakdown of the \$30 million not accounted for in the allotment estimates released thus far. The E&L proposal would provide a standalone appropriation of \$35 million for costs of providing technical assistance, conducting research, and administrative costs to carry out Sections 2203 and 2204.
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Table 3. Estimated FY2021 CCES Allotments under Current Law and as Proposed in Section 980I of the Ways and Means Committee’s Reconciliation Recommendations

(Dollars in Millions)

| States | FY2021 Current Law Estimates | | | Estimates for W&M Reconciliation Recommendations | |
|----------------------|---|------------------------------|----------------------|--|-----------|
| | “Guaranteed” Mandatory & Set-Asides | Federal Matching Funds | Current Law Total | Additional Funds under E&L Recommendations ^a | E&L Total |
| Alabama | 16 | 25 | 41 | +8 | 49 |
| Alaska | 4 | 4 | 8 | +1 | 9 |
| Arizona | 20 | 37 | 57 | +11 | 68 |
| Arkansas | 5 | 16 | 21 | +5 | 26 |
| California | 86 | 202 | 287 | +62 | 350 |
| Colorado | 10 | 28 | 39 | +9 | 47 |
| Connecticut | 19 | 16 | 35 | +5 | 40 |
| Delaware | 5 | 5 | 10 | +1 | 11 |
| District of Columbia | 5 | 3 | 8 | +1 | 9 |
| Florida | 43 | 96 | 139 | +30 | 168 |
| Georgia | 37 | 56 | 93 | +17 | 110 |
| Hawaii | 5 | 7 | 12 | +2 | 14 |
| Idaho | 3 | 10 | 13 | +3 | 16 |
| Illinois | 57 | 63 | 120 | +20 | 140 |
| Indiana | 26 | 35 | 62 | +11 | 72 |
| Iowa | 9 | 16 | 25 | +5 | 30 |
| Kansas | 10 | 16 | 26 | +5 | 31 |
| Kentucky | 17 | 23 | 39 | +7 | 46 |

| States | FY2021 Current Law Estimates | | | Estimates for W&M Reconciliation Recommendations | |
|----------------|---|------------------------------|----------------------|--|------------|
| | “Guaranteed” Mandatory & Set-Asides | Federal Matching Funds | Current Law Total | Additional Funds under E&L Recommendations ^a | E&L Total |
| Louisiana | 14 | 25 | 39 | +8 | 47 |
| Maine | 3 | 6 | 9 | +2 | 10 |
| Maryland | 23 | 30 | 54 | +9 | 63 |
| Massachusetts | 45 | 30 | 75 | +9 | 84 |
| Michigan | 32 | 48 | 80 | +15 | 95 |
| Minnesota | 23 | 30 | 53 | +9 | 62 |
| Mississippi | 6 | 16 | 22 | +5 | 27 |
| Missouri | 25 | 31 | 56 | +10 | 65 |
| Montana | 3 | 5 | 8 | +2 | 10 |
| Nebraska | 11 | 11 | 21 | +3 | 25 |
| Nevada | 3 | 16 | 18 | +5 | 23 |
| New Hampshire | 5 | 6 | 10 | +2 | 12 |
| New Jersey | 26 | 43 | 70 | +13 | 83 |
| New Mexico | 8 | 11 | 19 | +3 | 22 |
| New York | 102 | 92 | 194 | +28 | 222 |
| North Carolina | 70 | 52 | 121 | +16 | 137 |
| North Dakota | 3 | 4 | 7 | +1 | 8 |
| Ohio | 70 | 58 | 128 | +18 | 146 |
| Oklahoma | 25 | 22 | 47 | +7 | 53 |
| Oregon | 19 | 20 | 39 | +6 | 45 |

| States | FY2021 Current Law Estimates | | | Estimates for W&M Reconciliation Recommendations | |
|------------------------------|---|------------------------------|----------------------|--|--------------|
| | “Guaranteed” Mandatory & Set-Asides | Federal Matching Funds | Current Law Total | Additional Funds under E&L Recommendations ^a | E&L Total |
| Pennsylvania | 55 | 59 | 115 | +18 | 133 |
| Rhode Island | 7 | 5 | 11 | +1 | 13 |
| South Carolina | 10 | 25 | 35 | +8 | 43 |
| South Dakota | 2 | 5 | 7 | +2 | 8 |
| Tennessee | 38 | 34 | 72 | +11 | 82 |
| Texas | 60 | 168 | 228 | +52 | 280 |
| Utah | 13 | 21 | 34 | +7 | 40 |
| Vermont | 4 | 3 | 6 | +1 | 7 |
| Virginia | 21 | 42 | 64 | +13 | 77 |
| Washington | 42 | 38 | 80 | +12 | 92 |
| West Virginia | 9 | 8 | 17 | +2 | 19 |
| Wisconsin | 25 | 28 | 53 | +9 | 62 |
| Wyoming | 3 | 3 | 6 | +1 | 7 |
| Subtotal, States | 1,178 | 1,652 | 2,829 | +512 | 3,341 |
| American Samoa | — | — | — | +7 | 7 |
| Guam | — | — | — | +10 | 10 |
| N. Mariana Islands | — | — | — | +5 | 5 |
| Puerto Rico | — | — | — | +47 | 47 |
| Virgin Islands | — | — | — | +5 | 5 |
| Subtotal, Territories | — | — | — | +74 | 74 |

| States | FY2021 Current Law Estimates | | | Estimates for W&M Reconciliation Recommendations | |
|-----------------------|-------------------------------------|------------------------|-------------------|---|--------------|
| | “Guaranteed” Mandatory & Set-Asides | Federal Matching Funds | Current Law Total | Additional Funds under E&L Recommendations ^a | E&L Total |
| Tribes | 58 | — | 58 | +41 | 99 |
| Technical Assistance | 15 | — | 15 | +3 | 18 |
| Research & Evaluation | 15 | — | 15 | +3 | 18 |
| Total | 1,265 | 1,652 | 2,917 | +633 | 3,550 |

Source: CCES current law “guaranteed” mandatory allotments to states are based on annual “guaranteed” allotment data from HHS. CCES current law set-asides assume that HHS will reserve the maximum amount possible, per recent HHS practice. CCES current law matching allotments were estimated by the Congressional Research Service (CRS) based on Census data for state population under age 13. The U.S. Census estimates were from July 2019 (published in 2020) and are available at https://www.census.gov/data/tables/time-series/demo/popest/2010s-state-detail.html#par_textimage_673542126. Estimates of additional funds under the E&L proposal were calculated by CRS based on the assumption that (1) HHS would determine it is possible to continue to set aside 0.5% apiece for technical assistance and research and that (2) HHS would proportionately reduce grants to states, territories, and tribes in order to reserve 0.5% apiece for technical assistance and research. The estimates assume that HHS will distribute grants to territories based on each territory’s respective share of CCDBG funding in FY2020. Remaining funds are estimated to be allotted to states based on Census data for state population under age 13.

Notes: These estimates are meant to be illustrative only. HHS would make the final allotment determinations for all CCDBG appropriations that become law. Amounts in this table may not sum to totals due to rounding.

- a. The estimates for the \$512 million in additional funds to states assume that all states will be eligible for these additional funds. To be eligible, each state must (1) meet the minimum state MOE and match requirements associated with the current law CCES funds and (2) meet a one-year obligation deadline for their federal CCES allotments. Historically, not all states meet these requirements in any given year. For instance, CCES expenditure data for funds initially awarded in FY2010-FY2019 indicate that between two and six states did not meet these criteria in each year of that 10-year window. The states varied year to year, but three states were on this list for each of FY2015-FY2019: Idaho, Kansas, and Tennessee. If these or other states do not meet the specified requirements noted here, then the amounts estimated for those states in this table would be redistributed to other eligible states would want such funds in the subsequent fiscal year.