



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 10, 2003

### **Caring for Children Act of 2003**

*As ordered reported by the Senate Committee on Health, Education, Labor,  
and Pensions on April 2, 2003*

#### **SUMMARY**

The Caring for Children Act would amend and reauthorize the Child Care and Development Block Grant (CCDBG) Act of 1990. The Child Care and Development Block Grant program was authorized through 2002 by the CCDBG and is currently authorized through 2003 by the Consolidated Appropriations Resolution, 2003 (Public Law 108-7). The bill also would create one new demonstration grant program and increase set-asides for quality improvements and other activities.

If enacted, the bill would authorize appropriations totaling \$2.3 billion in 2004. Total authorizations under the Caring for Children Act would be \$13.5 billion over the 2004-2008 period. CBO estimates that appropriations of these amounts would result in additional outlays of \$12.2 billion over the 2004-2008 period. Enacting the bill would not affect direct spending or receipts.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). It would increase the authorization of funds for the Child Care and Development Block Grant and increase some of the requirements for using those funds. The bill also would establish a new grant program for states to provide assistance to small business consortia and other entities to increase the availability of child care. The requirements associated with these programs would be conditions of assistance resulting from the state's voluntary participation in the program, and thus, not intergovernmental mandates as defined by UMRA.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact for the various components of each title under the Caring for Children Act is shown in the following table. The costs of this legislation fall within budget function 600 (income security).

	By Fiscal Year, in Millions of Dollars					
	2003	2004	2005	2006	2007	2008
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Spending Under Current Law						
Budget Authority	2,086	0	0	0	0	0
Estimated Outlays	2,165	819	130	21	0	0
Proposed Changes:						
<b>Title I</b>						
Child Care and Development Block Grant Program						
Authorization Level	0	2,300	2,500	2,700	2,900	3,100
Estimated Outlays	0	1,472	2,290	2,593	2,814	3,014
<b>Title III</b>						
Small Business Child Care Grant Program						
Authorization Level	0	30	0	0	0	0
Estimated Outlays	0	2	12	9	6	2
Total Proposed Changes						
Authorization Level	0	2,330	2,500	2,700	2,900	3,100
Estimated Outlays	0	1,474	2,302	2,602	2,820	3,016
Total Spending Under the Bill						
Authorization Level <sup>a</sup>	2,086	2,330	2,500	2,700	2,900	3,100
Estimated Outlays	2,165	2,292	2,432	2,623	2,820	3,016

NOTES: Components may not sum to totals because of rounding.

a. The 2003 level is the amount appropriated for that year.

## BASIS OF ESTIMATE

The Caring for Children Act would authorize funding for the CCDBG program (title I) at specific levels in all years, 2004 through 2008. The Small Business Child Care Grant program (title III) would be authorized at \$30 million total over the five years.

The bill would authorize total appropriations of \$2.3 billion in 2004 and \$13.5 billion over the 2004-2008 period. If the authorized amounts are appropriated, outlays would increase by \$1.5 billion in the first year and by \$12.2 billion over the five-year period. The estimated outlays reflect historical rates of spending for the affected programs or the historical rates of similar programs.

### **Title I - Child Care and Development Block Grant Act of 1990**

Title I of the bill would reauthorize the CCDBG program currently authorized under the Child Care and Development Block Grant Act. The bill would authorize \$2.3 billion in 2004, \$2.5 billion in 2005, \$2.7 billion in 2006, \$2.9 billion in 2007, and \$3.1 billion in 2008. Funding in 2003 was \$2.086 billion.

The CCDBG program provides funding to states for child care subsidies to low-income families, quality improvement, and other activities. It is one of the two federal funding programs for child care subsidies within a program grouping often referred to as the Child Care and Development Fund. The other program is the Child Care Entitlement to States, a mandatory program that is not affected by the bill.

### **Title II - Enhancing Security at Child Care Centers in Federal Facilities**

Title II would direct certain federal officials to develop regulations for enhancing the security and fostering effective disaster plans in child care facilities operated by the federal government. CBO does not expect the regulations would have any significant effects on federal costs. Many of these facilities already have similar security procedures in place, while others are anticipated to implement such measures in the future even without the enactment of further legislation.

### **Title III - Removal of Barriers to Increasing the Supply of Quality Child Care**

Title III would authorize a total of \$30 million over the 2004-2008 period to create a small business child care demonstration grant program. The program would encourage small businesses to establish and operate child care programs by providing grants to cover part of the costs of the programs. The grants would go to eligible consortia of small businesses. CBO estimates that outlays would be around \$2 million in 2004 and \$30 million over the 2004-2008 period. The bill specifies that the program would be terminated September 30, 2009.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

The bill contains no intergovernmental or private-sector mandates as defined in UMRA. It would increase the authorization of funds for the Child Care and Development Block Grant and increase some of the requirements for using those funds. The bill also would establish a new grant program for states to provide assistance to small business consortia and other entities to increase the availability of child care. The requirements associated with these programs would be conditions of assistance resulting from the state's voluntary participation in the program and thus not intergovernmental mandates as defined by UMRA.

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