



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 16, 2005

S. 525

Caring for Children Act of 2005

*As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions
on March 9, 2005*

SUMMARY

S. 525, the Caring for Children Act of 2005, would amend and reauthorize the Child Care and Development Block Grant Act of 1990. The Child Care and Development Block Grant (CCDBG) program was authorized through 2002 by that act and has been authorized in appropriation acts since then; it is currently authorized through 2005 by the Consolidated Appropriations Act, 2005 (Public Law 108-447). The bill also would create a new demonstration grant program and increase set-asides for quality improvements and other activities.

If enacted, the bill would authorize appropriations totaling \$2.35 billion in 2006 and increasing amounts in subsequent years. Authorizations would total \$13.55 billion over the 2006-2010 period. CBO estimates that appropriations of these amounts would result in additional outlays of \$12.5 billion over the 2006-2010 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). Any costs resulting from additional requirements of the bill would be incurred by states voluntarily as conditions of receiving the grant.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact for S. 525 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					
	2005	2006	2007	2008	2009	2010
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Budget Authority	2,083	0	0	0	0	0
Estimated Outlays	2,094	614	113	21	0	0
Proposed Changes:						
Child Care and Development Block Grant Program						
Authorization Level	0	2,300	2,500	2,700	2,900	3,100
Estimated Outlays	0	1,633	2,327	2,609	2,830	3,030
Small Business Child Care Grant Program						
Authorization Level	0	50	0	0	0	0
Estimated Outlays	0	3	20	15	10	2
Total Proposed Changes						
Authorization Level	0	2,350	2,500	2,700	2,900	3,100
Estimated Outlays	0	1,636	2,347	2,624	2,840	3,032
Total Spending Under the Bill						
Authorization Level ^a	2,083	2,350	2,500	2,700	2,900	3,100
Estimated Outlays	2,094	2,250	2,460	2,645	2,840	3,032

a. The 2005 level is the amount appropriated for that year.

BASIS OF ESTIMATE

CBO assumes that S. 525 will be enacted during the current fiscal year, and that the authorized amounts will be appropriated for each fiscal year. The estimated outlays reflect historical rates of spending for the affected programs or similar programs.

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

Title I of the bill would amend and reauthorize the CCDBG program. The bill would authorize appropriations of \$2.3 billion in 2006, \$2.5 billion in 2007, \$2.7 billion in 2008, \$2.9 billion in 2009, and \$3.1 billion in 2010. Funding in 2005 was \$2.083 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 would not be 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 of and fostering effective disaster plans in child-care facilities operated by the federal government. CBO expects that the regulations would not have any significant effects on federal costs. Many of these facilities already have 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 appropriations totaling \$50 million over the 2006-2010 period to create a new program to award grants to states. 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. CBO estimates that outlays would be around \$3 million in 2006 and \$50 million over the 2006-2010 period. The bill specifies that the program would be terminated September 30, 2010.

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 consortiums and other entities to increase the availability of child care. The requirements associated with these programs would be conditions of assistance resulting from the states' voluntary participation in the program and thus not intergovernmental mandates as defined by UMRA.

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