



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

October 14, 2014

S. 1086
Child Care and Development Block Grant Act of 2014

As passed by the House of Representatives on September 15, 2014

SUMMARY

S. 1086 would amend and reauthorize through fiscal year 2020 the Child Care and Development Block Grant Act of 1990. The Child Care and Development Block Grant program was initially authorized through 2002 and has been authorized in annual appropriation acts since then. It is currently authorized through December 11, 2014, at an annualized level of \$2.36 billion by the Continuing Appropriations Resolution, 2015 (Public Law 113-164).

The act would authorize the appropriation of between \$2.4 billion and \$2.7 billion per year for each of fiscal years 2015 through 2020. CBO estimates that implementing S. 1086 would cost \$12.0 billion over the 2015-2019 period, assuming appropriation of the authorized amounts. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

S. 1086 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary effect of S. 1086 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 | | | | | 2015- 2019 |
|---|--|-------|-------|-------|-------|---------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Authorization Level | 2,360 | 2,478 | 2,540 | 2,603 | 2,669 | 12,650 |
| Estimated Outlays | 1,864 | 2,382 | 2,523 | 2,588 | 2,653 | 12,011 |

BASIS OF ESTIMATE

For this estimate, CBO assumes that the act will be enacted during fiscal year 2015, that the authorized amounts will be appropriated near the beginning of each fiscal year, and that spending will follow historical patterns for existing or similar activities.

S. 1086 would authorize the appropriation of between \$2.4 billion and \$2.7 billion per year for each of fiscal years 2015 through 2020 to help states subsidize and improve the quality of child care programs. The act also would impose additional health and safety requirements on states. Finally, the act would require states to undertake additional activities aimed at improving the quality of child care services.

Based on historical patterns of spending for similar activities, CBO estimates that implementing the act would cost \$12.0 billion over the 2015-2019 period (and an additional \$3.4 billion after 2019) assuming appropriation of the specified amounts.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

S. 1086 contains no intergovernmental or private-sector mandates as defined in UMRA. Programs and activities authorized in the act would benefit state, local, and tribal governments that provide child care services. To the extent that those governments are required to amend their plans and activities to comply with the act, they could incur additional costs. However, those costs would be incurred voluntarily as a condition of receiving federal assistance.

PREVIOUS CBO ESTIMATE

On February 25, 2014, CBO transmitted a cost estimate for S. 1086 as ordered reported by the Senate Committee on Health, Education, Labor, and Pensions on September 18, 2013. In contrast to the House-passed version of the legislation, which would authorize stated funding amounts for each of the fiscal years 2015 through 2020, the Senate-reported version of S. 1086 would authorize the appropriation of such sums as are necessary to carry out the purposes of the program, as amended by the legislation, over those six years. CBO estimated that implementing the Senate-reported version would cost \$13.1 billion over the 2015-2019 period, assuming appropriation of the necessary amounts.

ESTIMATE PREPARED BY:

Federal Costs: David Rafferty

Impact on State, Local, and Tribal Governments: J'nell Blanco Suchy

Impact on the Private Sector: Chung Kim

ESTIMATE APPROVED BY:

Peter H. Fontaine

Assistant Director for Budget Analysis