**CHILD CARE AND DEVELOPMENT FUND**

**FISCAL YEAR 2020 STATE AND TERRITORY SPENDING FROM ALL**

**AWARD YEARS**

***Background:***

The Child Care and Development Fund (CCDF) financial expenditure report (ACF-696) details state and territory expenditures from each of the CCDF funding streams (Mandatory, Matching, and Discretionary), funds transferred from the Temporary Assistance for Needy Families (TANF) program to CCDF, Discretionary Disaster Relief funds, and Discretionary Coronavirus Aid, Relief, and Economics Security (CARES) Act funds. Reported expenditures are for administration, direct and non-direct services, and congressionally mandated quality activities and activities to improve the quality of care for infants and toddlers. Because states and territories are permitted multiple years to liquidate funds under CCDF regulations, Lead Agencies may have spent funds awarded in the current and prior years in fiscal year (FY) 2020[[1]](#footnote-1).

***Highlights:***

The summary provides information on the expenditure of CCDF funds during FY 2020, which includes CCDF funding awarded in three grant years (GY): GY 2018, GY 2019, and GY 2020. States and territories report the CCDF expenditure data on the ACF-696. In FY 2020, states and territories expended a total of $13.4 billion of combined federal and state funds, which includes both CCDF and TANF transfers into CCDF. Expenditures of federal funds were $11.3 billion, comprised of $6.9 billion from GY 2020, $3.6 billion from GY 2019, and $770 million from GY 2018. In GY 2020, states and territories reported spending $1.6 million of CARES Act funds. Expenditures of state Matching and Maintenance of Effort (MOE) funds were $2.1 billion. Some states report state expenditures in excess of the state share amounts required to draw down their full allotment of federal Matching funds; however, they are not required to do so. In FY 2020, states reported about $125 million in “excess” state Match.

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| **Table 1 - Expenditures in FY 2020 by Award Year**1 |
|  | **GY 2018** | **GY 2019** | **GY 2020** | **Total by Fund**  |
| Mandatory | $6,562,777 | $151,721,470 | $983,619,585 | $1,141,903,832 |
| Matching Federal | -$703,467 | $363,454,993 | $1,321,639,950 | $1,684,391,476 |
| Discretionary | $764,472,628 | $3,076,393,614 | $2,974,737,035 | $6,815,603,276 |
| Discretionary CARES | N/A | N/A | $1,608,632,992 | $1,608,632,992 |
| Discretionary Disaster Relief | N/A | N/A | $5,275 | $5,275 |
| *Subtotal Federal* | *$770,331,938* | *$3,591,570,077* | *$6,888,634,837* | *$11,250,536,852* |
| Matching State | -$7,235,833 | $173,887,096 | $1,064,444,691 | $1,231,095,955 |
| CCDF MOE | -$3 | $21,282,297 | $887,607,280 | $908,889,574 |
| *Subtotal State* | *-$7,235,836* | *$195,169,393* | *$1,952,051,972* | *$2,139,985,529* |
| **Total** | **$763,096,102** | **$3,786,739,470** | **$8,840,686,808** | **$13,390,522,381** |

1 Expenditures may be negative because of changes in reported excess state Match and MOE in prior fiscal years.

*Direct Services*. CCDF expenditures on direct child care services were $9.9 billion or 74 percent of total federal and state expenditures (including MOE) in FY 2020.

*Quality Activities.[[2]](#footnote-2)* States and territories spent $1.7 billion or 13 percent of total federal and state expenditures in FY 2020 on quality activities. The reauthorized Child Care and Development Block Grant (CCDBG) Act of 2014 increased the amount of CCDF expenditures that states and territories must spend on quality activities. States and territories must spend 8 percent each of their GY 2018 and GY 2019 awards on quality activities and 9 percent of their GY2020 awards. Compliance with these spending requirements is assessed at the end of the liquidation period for the award.

*Infant/Toddler Quality Activities.* States and territories spent $427 million or 3 percent of total federal and state expenditures in FY 2020 on activities to improve the supply and quality of care for infants and toddlers. The CCDBG Act of 2014 requires states and territories to spend a minimum of 3 percent of all CCDF expenditures from individual award years on activities to improve the supply and quality of child care for infants and toddlers. These expenditures are in addition to the minimum expenditures that states and territories must spend on quality activities. Compliance with this requirement is assessed at the end of the liquidation period.

*Administration.* During FY 2020, states and territories expended $296 million or 2 percent of total federal and state expenditures (including MOE) on administrative activities. The statute limits CCDF administrative expenditures from each grant award year to no more than 5 percent. Compliance with this requirement is assessed at the end of the liquidation period.

*Non-Direct Services*. States and territories spent $1.1 billion on non-direct services, or 8 percent of total state and federal expenditures in FY 2020. The breakdown of non-direct services expenditures is $436 million on child care computer information systems, $284 million on certificate programs and eligibility determinations, and $334 million for other costs.

*Unobligated Funds.* States and territories reported unobligated balances of about $2.9 billion.

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| **Table 2 - Unobligated**1 **Funds as of 09/30/20** |
|  | **GY 2018** | **GY 2019** | **GY 2020** | **Total by Fund**  |
| Mandatory | $99,094  | $0  | $0  | $99,094  |
| Matching Federal | $11,918,825  | $37,792,281  | $71,242  | $49,782,348  |
| Discretionary | $53,535,801  | $55,666,133  | $1,891,833,986  | $2,001,035,920  |
| Discretionary CARES | N/A | N/A | $846,983,931  | $846,983,931  |
| Discretionary Disaster Relief | N/A | N/A | $6,128,884  | $6,128,884  |
| **Total** | **$65,553,720**  | **$93,458,414**  | **$2,745,018,043**  | **$2,904,030,176**  |

1 Funds not meeting obligation deadlines are subject to de-obligation by ACF. States have 1 year to obligate mandatory funds if Matching funds are requested, 1 year to obligate Matching funds, and 2 years to obligate Discretionary funds.

*Unliquidated Obligations.* Of funds that have been obligated, states and territories reported unliquidated balances of $4.1 billion.

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| **Table 3 - Unliquidated**1 **Funds as of 09/30/20** |
|  | **GY 2018** | **GY 2019** | **GY 2020** | **Total by Fund**  |
| Mandatory | $4,600,568  | $15,391,063  | $193,905,196  | $213,896,827  |
| Matching Federal | $0  | $1,464,212  | $376,363,909  | $377,828,121  |
| Discretionary | $3,647,293  | $563,877,402  | $2,001,923,609  | $2,569,448,304  |
| Discretionary CARES | N/A | N/A | $938,021,077  | $938,021,077  |
| Discretionary Disaster Relief | N/A | N/A | $21,796,895  | $21,796,895  |
| **Total** | **$8,247,861**  | **$580,732,677**  | **$3,532,010,686**  | **$4,120,991,224**  |

1 Funds not meeting liquidation deadlines are subject to de-obligation by ACF. Mandatory funds do not have a liquidation deadline. States have 2 years to liquidate Matching funds and 3 years to liquidate Discretionary funds.

1. Fiscal Year (FY) refers to the period from October 1 through September 30, during which states and territories may spend funds awarded in the current and prior years. Grant Year (GY) refers to the year the funds were awarded, although states and territories may liquidate some CCDF funding streams in later fiscal years. [↑](#footnote-ref-1)
2. [↑](#footnote-ref-2)