

N00D01
Child Care Administration
Department of Human Resources

Operating Budget Data

(\$ in Thousands)

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Operations	\$14,064	\$14,020	\$13,937	-\$127	\$13,634	-\$303
Contractual Services	136,157	148,899	120,212	-15,944	123,015	2,803
Grants	3,672	13,492	4,140	468	426	-3,714
Contingent & Back of Bill Reductions	0	0	0	0	-83	-83
Adjusted Grand Total	\$153,893	\$176,410	\$138,290	-\$15,603	\$136,993	-\$1,297
General Funds	38,163	39,477	44,957	6,794	49,100	4,143
Contingent & Back of Bill Reductions	0	0	0	0	-47	-47
Adjusted General Funds	\$38,163	\$39,477	\$44,957	\$6,794	\$49,053	\$4,096
Special Funds	139	209	0	-139	0	0
Federal Funds	115,591	136,724	93,333	-22,258	87,976	-5,357
Contingent & Back of Bill Reductions	0	0	0	0	-36	-36
Adjusted Federal Funds	\$115,591	\$136,724	\$93,333	-\$22,258	\$87,939	-\$5,393
Adjusted Grand Total	\$153,893	\$176,410	\$138,290	-\$15,603	\$136,993	-\$1,297
Annual % Change		14.6%	-21.6%		-0.9%	

- Cost containment measures since fiscal 2002 have reduced funding for after school programs, quality initiatives, the grant for the Child Care Resource and Referral Network, and child care subsidies. The child care subsidy program has maintained a waiting list of eligible families since December 2002.
- The fiscal 2005 allowance eliminates funding for the After School Opportunity Fund because it is transferred to the Office for Children, Youth, and Families.
- The department plans to use a budget amendment to increase 2004 funding for child care subsidies by \$16.5 million in Temporary Assistance for Needy Families (TANF). That increase is not reflected in the figures above. With the TANF increase in fiscal 2004, the fiscal 2005 appropriation for child care subsidies is \$13.8 million less than in fiscal 2004.

Note: Numbers may not sum to total due to rounding.

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Personnel Data

	<u>FY 02</u>	<u>FY 03</u>	<u>FY 04</u>	<u>FY 02-04</u> <u>Change</u>	<u>FY 05</u>	<u>FY 04-05</u> <u>Change</u>
Regular Positions	218.0	207.5	208.5	-9.5	208.5	0.0
Contractual FTEs	0.0	0.0	0.0	0.0	0.0	0.0
Total Personnel	218.0	207.5	208.5	-9.5	208.5	0.0

Vacancy Data: Regular Positions

Turnover Expectancy	7.30	3.50%
Positions Vacant as of 12/31/03	5.00	2.40%

- During cost containment, positions have been lost in regional operations and enforcement activities. Losses have been partially offset by additional positions in licensing and registration.
- The agency will be forced to hold several more positions vacant in fiscal 2005 to remain within the allowance.

Analysis in Brief

Major Trends

Child Care Is Safe: As in previous years, at least 95% of child care facilities are in compliance with critical health and safety standards.

Fiscal Constraints Threaten Accessibility: In fiscal 2003, 85% of low-income working families made copayments that were 10% or less of their gross income. The department projects that percentage will not change, but higher copayments and a shrinking number of working families in the Purchase of Care (POC) caseload make that unlikely. In addition, the percentage of eligible families receiving child care subsidies is declining due to the waiting list begun in December 2002.

Issues

Cost Containment Measures Continue for POC: POC funding in fiscal 2004 and 2005 appears adequate. Fiscal constraints are evident, however, as copayments have increased and the waiting list has grown. As a result of the waiting list, the proportion of the caseload made up of working families is shrinking. Federal welfare reform reauthorization legislation will likely create more demand for the program among cash assistance clients.

Credentialing Program Underperforming for Third Year: Participation in the credentialing program got off to a slow start in fiscal 2002 and decreased even more in fiscal 2004. **The Department of Legislative Services recommends suspending the program.**

Recommended Actions

	<u>Funds</u>
1. Add budget bill language to suspend the child care credentialing program in fiscal 2005.	
2. Reduce the Child Care Administration budget to reflect the suspension of the child care credentialing program.	\$ 420,750
Total Reductions	\$ 420,750

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N00D01
Child Care Administration
Department of Human Resources

Operating Budget Analysis

Program Description

The Child Care Administration (CCA) sets standards to ensure the safety of children in child care; regulates all child care centers and family child care homes; and encourages the development of additional child care facilities and quality improvements through collaboration with other agencies and community organizations.

CCA also supports the delivery of Purchase of Care (POC) services by Family Investment staff in local departments of social services. The POC program provides child care subsidies to eligible families to enable them to achieve and maintain economic self-sufficiency and avoid dependency on public assistance. Until December 2002, families with an income up to 50% of the State Median Income (SMI) were eligible for immediate assistance. However, due to cost containment efforts, families not on cash assistance or those that have been off cash assistance for over one year are now placed on a waiting list.

Key goals for CCA include:

- child care is safe;
- child care is available and meets the needs of children and families;
- child care is accessible to low-income families; and
- child care providers pursue professional development to improve the quality of child care.

Performance Analysis: Managing for Results

CCA aims to make child care safe, available, accessible, and of high quality for Maryland families. Child care in Maryland has been and continues to be safe. As in previous years, at least 95% of child care facilities are in compliance with critical health and safety standards.

There were more child care slots in Maryland in fiscal 2003 than in fiscal 2002, but the measure used by the Department of Human Resources (DHR) to assess availability does not show improvement. Due to a change in the source of an estimate of the number of children under age 12 with mothers in the workforce, the reported data suggests that unmet need grew in fiscal 2003. In fact, there were over 7,000 more child care slots in fiscal 2003 than in fiscal 2002. Differing data

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sources used by DHR indicate that almost 121,000, or 22% more children under 12 had mothers in the workforce in fiscal 2003 than in fiscal 2002. **The department should either use a consistent data source for the number of children with mothers in the workforce or if one is not available, DHR should reconsider this measure.**

To measure whether child care is accessible for low-income families, DHR reports the percentage of POC low-income working families with copayments at or below 10% of annual gross income. The department also reports the percentage of income-eligible families receiving POC subsidies. These measures are especially important considering the cost containment measures the department has taken (see *Issue 1* in this analysis).

Exhibit 1 shows that by fiscal 2003, 85% of low-income working families participating in POC made copayments that met the 10% standard. The department projects that the percentage will not change, but higher copayments and a shrinking number of working families in the POC caseload make that unlikely. **The Department of Legislative Services (DLS) recommends that the Secretary comment on whether the estimates for meeting the 10% gross income standard in fiscal 2004 and 2005 are reasonable, and if so, why.**

Exhibit 1 also shows that fewer eligible families are receiving subsidies. In prior years, the percentage likely decreased because more families were eligible when income limits were increased. Beginning in fiscal 2004, the waiting list for families not receiving cash assistance has limited the percentage of eligible families in the program.

Fiscal 2004 Actions

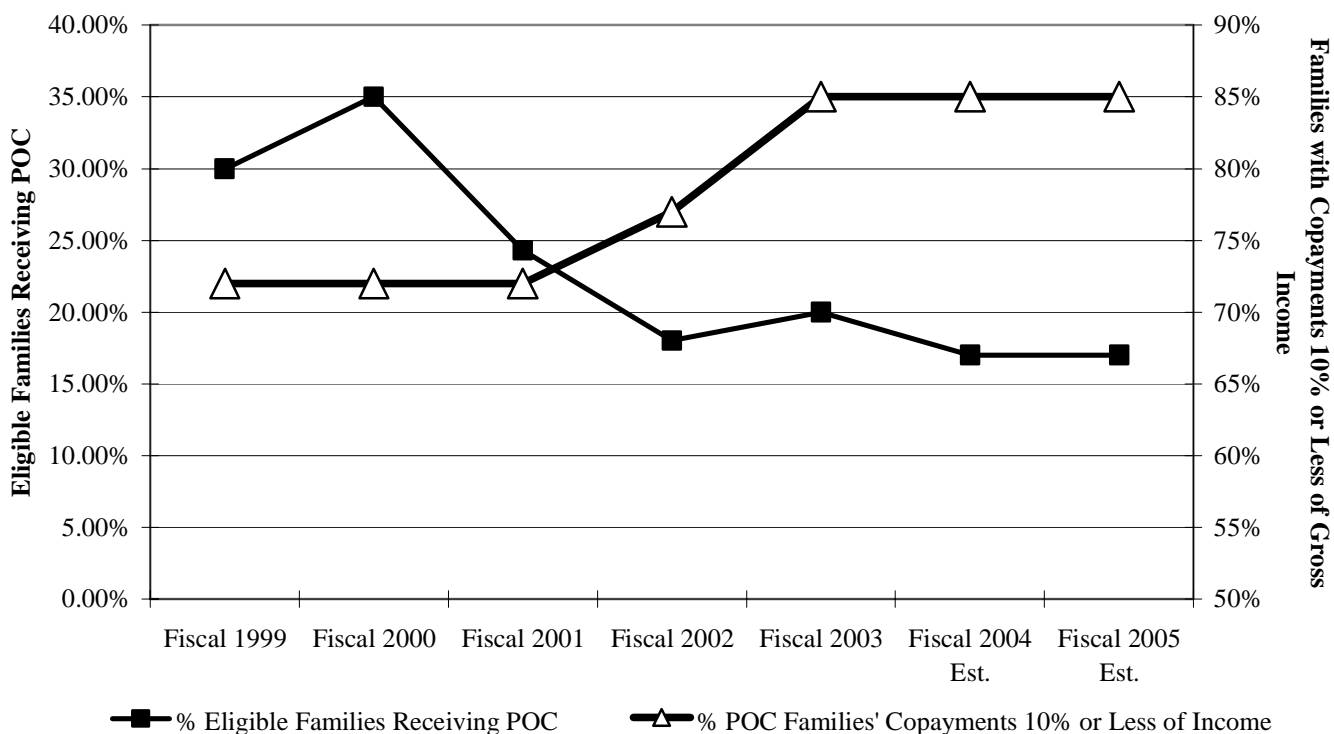
Proposed Deficiency

The department is projecting a shortfall in the POC child care subsidy program of \$16.5 million in fiscal 2004. The allowance does not include a deficiency appropriation for the shortfall, but the department intends to use a budget amendment to increase federal funds for the program to alleviate the shortfall. The federal fund source is Temporary Assistance for Needy Families (TANF).

Impact of Cost Containment

In July 2003 the Board of Public Works (BPW) reduced the general fund budget for CCA programs, specifically the After School Opportunity Fund, by \$1,053,000. The board also reduced DHR's administrative budget by \$6 million, leaving the allocation of the reduction to the department. CCA absorbed \$515,155, or 8.6%. Finally, DHR has elected to impose \$3.3 million more administrative cost containment to make funds available for the Maryland Children's Electronic Social Services Information Exchange (MD CHESSIE) computer system. CCA absorbed \$383,798, or 11.5% of this agency-imposed general fund cost containment.

**Exhibit 1
Accessibility Measures
Fiscal 1999 – 2005**



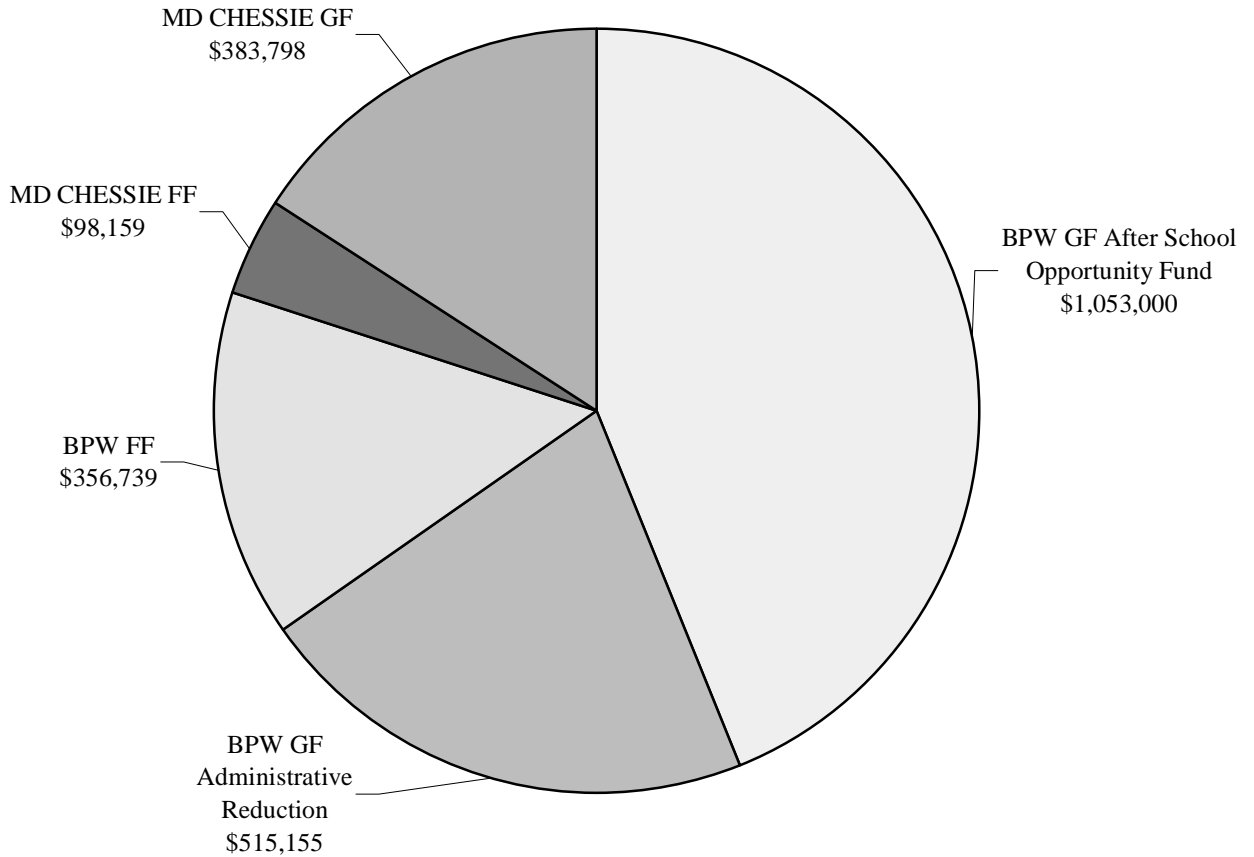
Source: Maryland State Budget

General fund reductions of \$1,951,953 reduced federal funds by \$454,898, resulting in \$2,406,851 in total cost containment for CCA. **Exhibit 2** shows the distribution of CCA’s cost containment by fund and cause. (The portion of cost containment taken to fund MD CHESSIE, \$481,957 has been transferred within the department or restricted internally, but the working appropriation has not been reduced.)

Governor’s Proposed Budget

The fiscal 2005 allowance is \$1.3 million less than the current fiscal 2004 working appropriation, as shown in **Exhibit 3**. There are personnel savings of \$395,929, mostly because the fiscal 2004 budget contains funding for positions that were in the fiscal 2004 legislative appropriation but then eliminated by BPW.

Exhibit 2
Child Care Administration
Fiscal 2004 Cost Containment
Total = \$2,406,851



BPW = Board of Public Works
GF = General Funds
SF = Special Funds
FF = Federal Funds

Source: Department of Budget and Management; Department of Human Resources

Exhibit 3
Governor's Proposed Budget
Child Care Administration
(\$ in Thousands)

	<u>FY 03</u> <u>Actual</u>	<u>FY 04</u> <u>Approp.</u>	<u>FY 05</u> <u>Allowance</u>	<u>FY 04-05</u> <u>Change</u>	<u>FY 04-05</u> <u>% Change</u>
General Funds	\$39,477	\$44,957	\$49,100	\$4,143	9.2%
Contingent & Back of Bill Reductions	0	0	-47	-47	
Adjusted General Funds	\$39,477	\$44,957	\$49,053	\$4,096	9.1%
Special Funds	\$209	\$0	\$0	\$0	n/a
Federal Funds	\$136,724	\$93,333	\$87,976	-\$5,357	-5.7%
Contingent & Back of Bill Reductions	0	0	-36	-36	
Adjusted Federal Funds	\$136,724	\$93,333	\$87,939	-\$5,393	-5.8%
Adjusted Grand Total	\$176,410	\$138,290	\$136,993	-\$1,297	-0.9%

Where It Goes:

Personnel Expenses

Increments and other compensation	\$183
Employee and retiree health insurance	-34
Turnover adjustments	156
Other	-701

Child Care Is Available and Meets the Needs of Children and Families

Restore funding for Child Care Resource Network	142
Maryland School Age Opportunity Fund transferred to the Office for Children, Youth, and Families (OCYF)	-3,714

Child Care Is Accessible to Low-income Families

Increase funding for POC subsidies	2,662
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Other Changes

Other adjustments	9
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Total	-\$1,297
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Note: Numbers may not sum to total due to rounding.

Impact of Cost Containment

The fiscal 2005 allowance reflects the elimination of \$82,680, the appropriation for matching employee deferred compensation contributions up to \$600, contingent upon the enactment of a provision in budget reconciliation legislation.

Child Care Is Available and Meets the Needs of Children and Families

Funding for the After School Opportunity Fund is transferred from CCA to the Office for Children, Youth, and Families (OCYF), resulting in a \$3.7 million reduction in the CCA budget. The amount added to OCYF is less than the \$3.7 million reduced in this budget. The allowance also restores \$141,505 for the Child Care Resource and Referral Network.

Child Care Is Accessible to Low-income Families

Funding for POC child care subsidies increases \$2.7 million overall. Federal TANF funds for the program are reduced \$5.1 million, and general funds increase \$7.8 million. The apparent increase is somewhat misleading because the fiscal 2004 working appropriation is \$16.5 million less than the anticipated program expenditures. An increase in TANF of \$16.5 million through budget amendment is planned. After the TANF increase, funding for child care subsidies will decrease \$13.8 million from fiscal 2004 to 2005.

Issues

1. Cost Containment Measures Continue for POC

After expanding eligibility for the POC child care subsidy program in fiscal 2002, the State is now having trouble keeping up with the cost of child care subsidies. The program is operating under two cost containment measures. First, the department has continued the program's waiting list for eligible clients not on, or transitioning off, Temporary Cash Assistance (TCA). Second, the department raised family copayments, effective February 2004. Even with these cost containment measures, the program will need \$16.5 million in additional TANF before the end of the fiscal year.

The outlook for the program is not good either, as the caseload shifts to needier clients and the prospect of greater demand for child care looms with the federal reauthorization of TANF and stricter work requirements for TCA clients.

POC Funding Appears Adequate

Exhibit 4 shows POC and discretionary child care spending for fiscal 2002 through 2005. Fiscal 2003 ended with a deficit of \$13.3 million. DHR used fiscal 2004 revenues to fill the deficit.

Exhibit 4
Purchase of Care and Discretionary Federal Child Care Spending
Fiscal 2002 –2005

	FY 2002	FY 2003	FY 2004	FY 2005
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
CCDF/TANF Balance	\$93,910,807	\$8,005,538	-\$13,269,218	\$0
CCDF Grant	78,196,064	82,190,743	79,300,089	79,300,089
TANF Transfer to CCDF	0	30,333,538	23,597,446	18036617
TANF Bonus Transfer to CCDF			16,500,000	
Total Revenues	\$172,106,871	\$120,529,819	\$106,128,317	\$97,336,706
POC	\$115,350,210	\$104,673,713	\$82,650,109	\$74,154,990
Quality Enhancement Projects	2,405,289	6,484,244	6,878,461	6,878,461
Administration	5,508,029	22,641,080	16,599,746	15,804,483
Reverse TANF Transfer	40,837,805	0	0	0
Total Expenditures	\$164,101,333	\$133,799,037	\$106,128,316	\$96,837,934
Balance	\$8,005,538	-\$13,269,218	\$0	\$498,772

Source: Department of Human Resources

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Fiscal 2004 spending on POC was constrained by the waiting list for working families and the increase in copayments in February 2004. With a small reduction to quality initiatives and administration and \$16.5 million in additional TANF revenue, the Child Care Development Fund will end fiscal 2004 balanced. DLS believes that the fiscal 2004 projections are reasonable, and the planned use of \$16.5 million in unanticipated TANF revenue should provide the support necessary to fund the program in fiscal 2004. Savings associated with the cost containment measures are estimated in **Exhibit 5**.

Exhibit 5
Cost Containment Measures
Estimated Savings
(\$ in Millions)

	<u>FY 2004</u>	<u>FY 2005</u>
Waiting List ¹	\$45.8	\$45.8
Increased Copayments ²	4.3	11.2
Cost Containment Savings	\$50.1	\$57.0

¹ Savings are estimated by DLS using fiscal 2002 actual expenditures per non-TCA family.

² Savings are estimated by DHR.

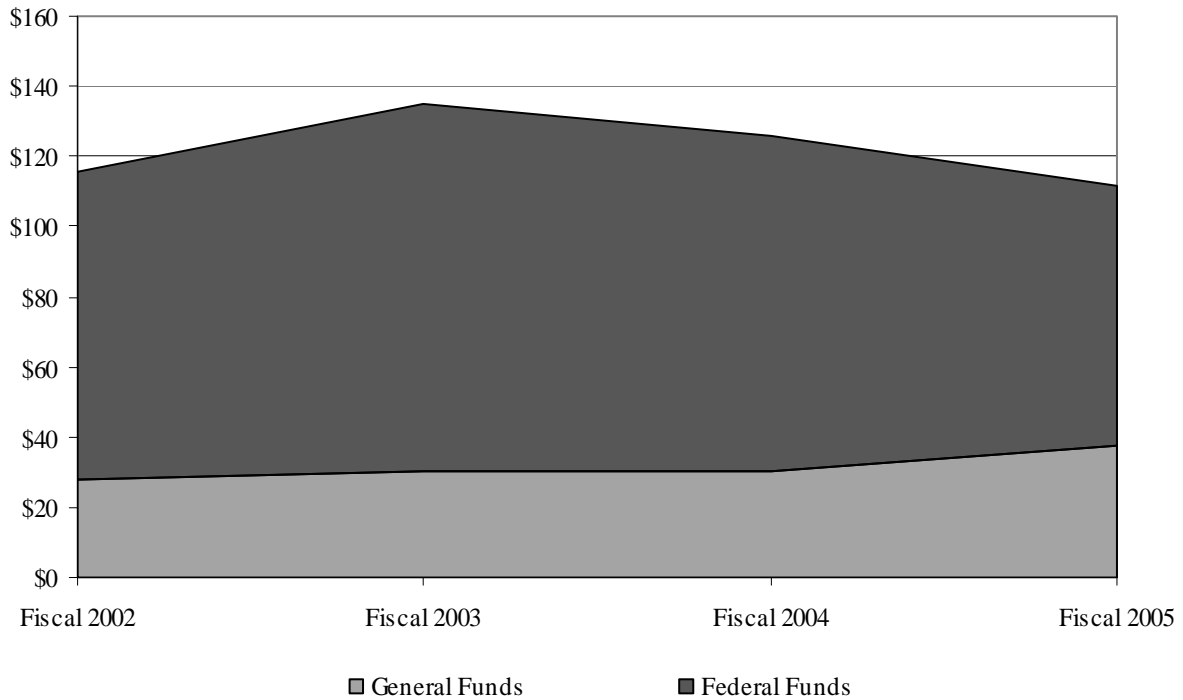
Source: Department of Human Resources; Department of Legislative Services

DHR predicts that fiscal 2005 will end with a balance of less than \$1 million. The following three factors in fiscal 2005 contribute to the positive balance projection:

- ending fiscal 2004 without a negative balance;
- a 10% reduction in federal fund spending for POC; and
- a small reduction in federal fund spending for administration.

DLS believes that the fiscal 2005 POC projections are reasonable. They hinge primarily on how quickly the TCA portion of the caseload grows. DLS examined several scenarios with varying caseload and cost assumptions, and no method yielded a projected shortfall of more than \$5 million, or 4.4% of total program expenditures. Total spending on POC, as projected by DHR, is shown in **Exhibit 6**.

Exhibit 6
POC Expenditures
Fiscal 2002 – 2005
(\$ in Millions)



Source: Maryland State Budget

Waiting List Continues

The department began a waiting list for POC of otherwise eligible clients in December 2002. Only clients not receiving TCA are put on the waiting list. As of January 2004, there were 12,276 children in 8,374 families statewide on the waiting list for POC. The department projects that by the end of fiscal 2004, the waiting list will have grown to 14,052 children in 9,585 families. However, the department is also projecting a 23% attrition rate, which would mean the number of children and families on the waiting list will be less in June 2004 than it is now. **Exhibit 7** shows the current and projected waiting list, not including attrition, by jurisdiction. Despite the term “waiting” list, the department has no plans to move families off the list into the program.

Exhibit 7
Current and Projected Wait Listed POC Clients

	As of January 28, 2004		As of June 30, 2004*	
	<u>Children</u>	<u>Families</u>	<u>Children</u>	<u>Families</u>
Allegany	254	143	237	162
Anne Arundel	555	403	679	463
Baltimore	1,601	1,173	1,967	1,341
Calvert	190	135	227	155
Caroline	102	83	138	94
Carroll	237	151	250	171
Cecil	313	203	343	234
Charles	596	392	649	443
Dorchester	199	133	220	150
Frederick	162	175	290	198
Garrett	57	34	60	41
Harford	335	272	457	312
Howard	307	187	315	215
Kent	47	34	60	41
Montgomery	2,000	1,282	2,144	1,462
Prince George's	1,714	1,160	1,943	1,326
Queen Anne's	61	39	65	44
St. Mary's	326	192	320	218
Somerset	80	52	86	59
Talbot	81	56	94	64
Washington	513	330	553	377
Wicomico	327	244	416	284
Worcester	134	75	128	87
Baltimore City	2,085	1,426	2,412	1,645
Total	12,276	8,374	14,053	9,586

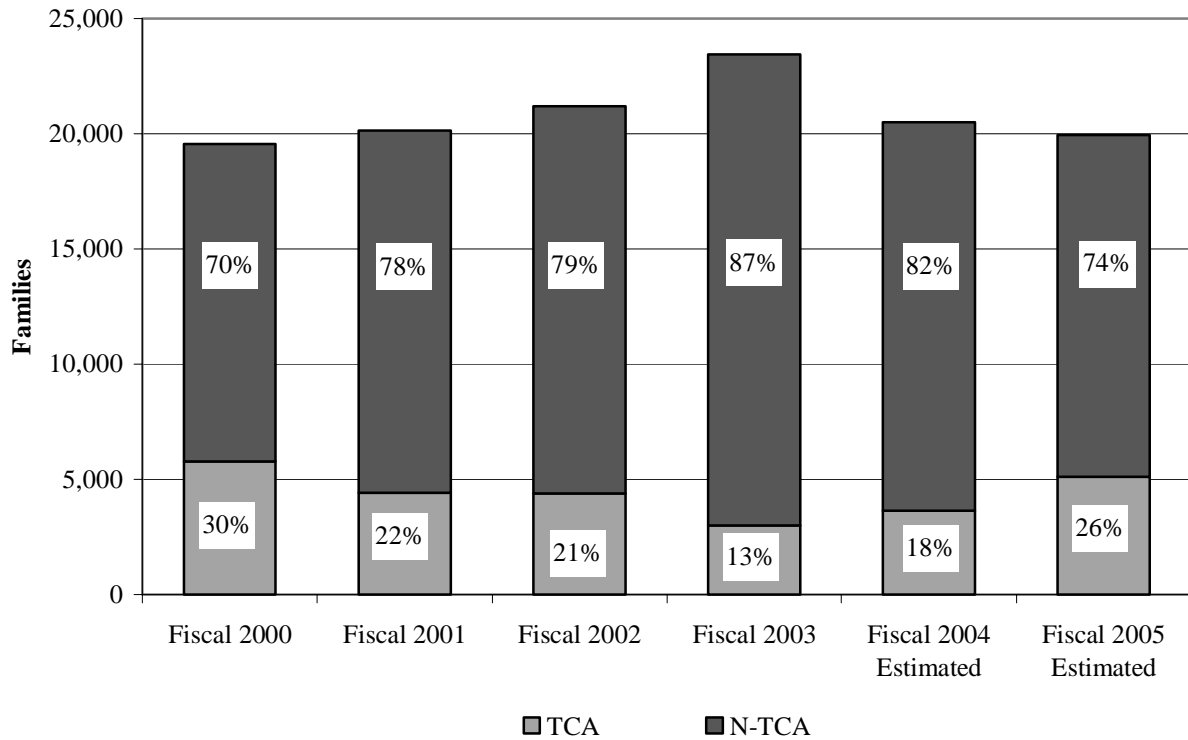
*Does not reflect expected attrition.

Source: Department of Human Resources

Case Mix Moves Toward Needier Families

In past years, as Maryland increased the income eligibility limit for POC, more working families received subsidies. The proportion of the caseload who were neither on TCA nor transitioning off it increased dramatically, as shown in **Exhibit 8**. The current waiting list, however, applies only to children and families not receiving TCA. As these non-TCA families leave the program through attrition, they are not replaced with other non-TCA families. Only families on TCA can enter the program currently. As a result, the portion of the caseload made up of families receiving TCA is growing.

**Exhibit 8
POC Families Caseload by Income**



Note: TCA includes families transitioning off cash assistance.

Source: Department of Human Resources

TANF reauthorization will likely reinforce the trend toward TCA clients in POC and will also likely increase the number of TCA clients seeking child care assistance. Child care demand will increase because the new TANF law is likely to require all eligible families to be engaged in work activity after one month of receiving assistance, a requirement also known as universal engagement.

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Requiring higher work participation rates and more hours of work activity per week, TANF reauthorization will increase both the number of families seeking child care as well as the hours of care needed.

The trend toward higher numbers of POC clients receiving TCA has important budgetary implications because TCA clients do not pay copayments. The cost containment achieved by increasing copayments will diminish as fewer families in the caseload are required to make them.

DLS recommends that the Secretary update the committees on the status of proposals to include additional child care funding in federal welfare reform reauthorization legislation. The Secretary should also preview for the committees the department's plan to address increased demand for child care among TCA clients if additional federal funding does not materialize.

2. Credentialing Program Underperforming for Third Year

DLS reported last year that CCA's credentialing program for child care professionals was struggling. For numerous reasons, the program got off to a slow start in July 2001, experiencing lower participation than expected. With deficits in POC and low participation in the credentialing program, the department shifted funding away from credentialing and toward POC in fiscal 2003. In fiscal 2004, the number of credentials awarded is expected to decrease by 20%.

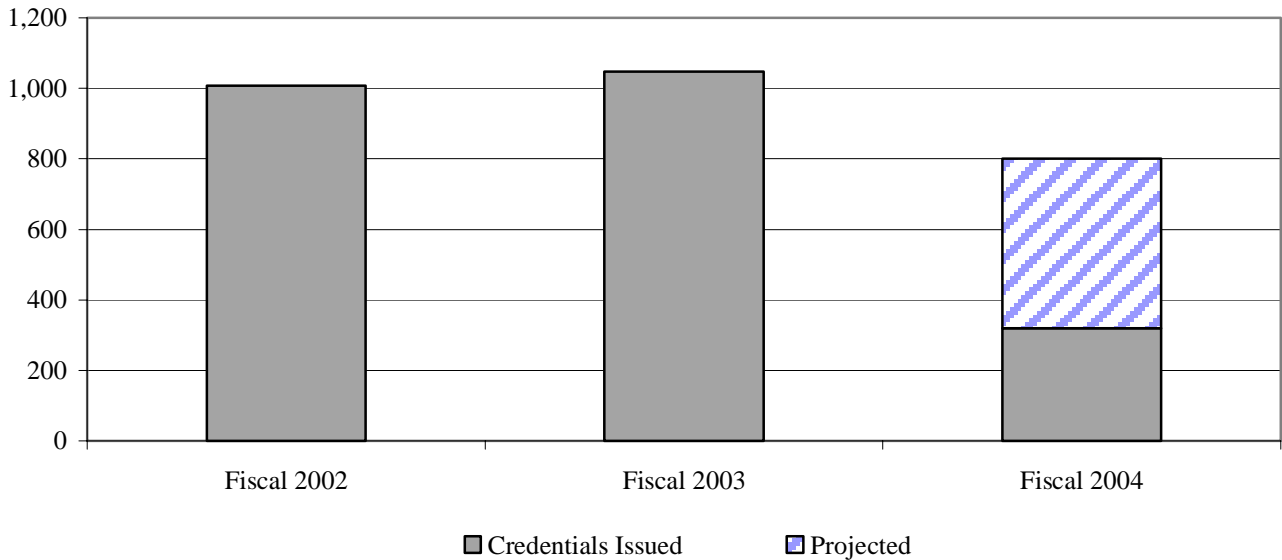
To participate in the credentialing program, a child care provider must within 12 months, apply to the program, be accepted, complete a specified number of hours of training, and participate in certain professional activities, such as joining a professional association or contributing to a child care newsletter.

After a year, the provider is eligible to receive a bonus. The provider is expected to maintain a certain number of hours of training per year and certain professional activities to renew the credential but is not eligible for another bonus at the same credential level. The credentialing system has 6 levels, and a bonus is available each time a new level (Level 2 or higher) is achieved. The Level 2 bonus is \$200 and requires 15 clock hours of prescribed training and one professional activity credit. The Level 6 bonus is \$1,000 and requires that the participant earn at least a baccalaureate degree in a child care related field, complete 5 professional activity credits, and complete 2 years of experience in child care.

In addition, during each year of participation, up to \$400 is available to program participants to pay for the cost of additional training needed to complete the training plan. A training voucher is issued for a specific workshop, course or training session, and no more than two vouchers may be issued to a participant during any 12-month period.

Participation in the credentialing program has been limited. After a slow start in fiscal 2002 and 2003, even fewer credentials will be awarded in fiscal 2004, as shown in **Exhibit 9**.

**Exhibit 9
Credentials Awarded**



Source: Department of Human Resources

Child care providers who participate in the credentialing program may be eligible for “tiered” or enhanced reimbursement rates, if they also accept POC child care vouchers. Child care centers must have at least 60% of lead staff participating in the child care credentialing program at Level 2 or higher. To be eligible for tiered reimbursement, the provider must not only participate in the credentialing program but also incorporate certain elements in the child care program and actively pursue accreditation from a recognized accrediting organization. DHR reports that currently 95 providers have been approved to receive tiered reimbursement. In contrast, there were 7,831 providers in POC in fiscal 2003.

Participation in the programs has been limited for several reasons. The credentialing and tiered reimbursement programs are so complicated that CCA must offer technical assistance and training to providers interested in participating. Bonuses are relatively little money, considering the amount of effort necessary to earn them. Tiered reimbursement requires a provider to engage in a time-consuming and intensive process that can take many months.

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The program is clearly not functioning as intended and never has. Its impact has been minimal, reaching only a very small piece of the child care community in Maryland. **DLS recommends that the credentialing program be suspended in fiscal 2005. Funding should be made available in a future fiscal year when (a) the fiscal condition of the State improves; and (b) DHR has redesigned the program to be simpler, more effective, and more popular with providers.**

The fiscal 2005 allowance provides \$269,010 in federal child care funds to operate the credentialing program, including the provision of training vouchers. In addition, it provides \$420,750 for bonuses awarded to child care providers who earn a credential.

DLS recommends reducing the general fund budget of the Child Care Administration by \$420,750. Suspending the credentialing program will make the federal funds intended for bonuses available for other uses.

DLS also recommends the following budget bill language, prohibiting certain spending related to the credentialing program and indicating the General Assembly's intent that the credentialing program be suspended and redesigned to make it simpler, more effective, and more popular with providers:

Provided that no funds may be expended to reimburse participants in the child care credentialing program for training expenses, to provide training vouchers, or to pay bonuses to participants whose participation in the credentialing program was approved on or after March 1, 2004. It is the intent of the General Assembly that the Child Care Administration suspend the credentialing program for fiscal 2005 and redesign the program to make it simpler, more effective, and more popular with providers.

This language would maintain the existing appropriation of \$269,010, allowing funding for staff working on the redesign and bonuses for participants accepted to the program prior to March 1, 2004.

Recommended Actions

1. Add the following language:

Provided that no funds may be expended to reimburse participants in the child care credentialing program for training expenses, to provide training vouchers, or to pay bonuses to participants whose participation in the credentialing program was approved on or after March 1, 2004. It is the intent of the General Assembly that the Child Care Administration suspend the credentialing program for fiscal 2005 and redesign the program to make it simpler, more effective, and more popular with providers.

Explanation: This language expresses legislative intent that the credentialing program be suspended in fiscal 2005 so it can be redesigned. The program has not met expectations for the three years it has existed, and the number of credentials to be awarded in fiscal 2004 is even lower than in the first two years of the program. This language forbids spending on training vouchers, reimbursement of training expenses, and bonuses to participants approved on or after March 1, 2004. With no spending allowed for these purposes in fiscal 2005, some of the federal funds intended for the program can be redirected to other purposes in the Child Care Administration. The Office of Credentialing is maintained to allow for the redesign of the program and the award of bonuses to participants approved prior to March 1, 2004.

	<u>Amount Reduction</u>	
2. Reduce the Child Care Administration (CCA) budget to reflect the suspension of the child care credentialing program, including the provision of training vouchers and reimbursement. Suspending the credentialing program will make the federal funds intended for bonuses available for other uses. CCA should redesign the program to make it simpler, more effective, and more popular with providers. This reduction maintains the existing appropriation for the Office of Credentialing, allowing for staff to work on the redesign and for bonuses for participants accepted to the program prior to March 1, 2004.	\$ 420,750	GF
Total General Fund Reductions	\$ 420,750	

Current and Prior Year Budgets

Current and Prior Year Budgets Child Care Administration (\$ in Thousands)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Federal Fund</u>	<u>Reimb. Fund</u>	<u>Total</u>
Fiscal 2003					
Legislative Appropriation	\$39,633	\$0	\$139,468	\$0	\$179,101
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	8	209	879	0	1,096
Cost Containment	-163	0	0	0	-163
Reversions and Cancellations	0	0	-3,624	0	-3,624
Actual Expenditures	\$39,477	\$209	\$136,724	\$0	\$176,410
Fiscal 2004					
Legislative Appropriation	\$46,525	\$0	\$93,690	\$0	\$140,214
Cost Containment	-1,568	0	0	0	-1,568
Budget Amendments	0	0	-357	0	-357
Working Appropriation	\$44,957	\$0	\$93,333	\$0	\$138,290

Note: Numbers may not sum to total due to rounding.

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Fiscal 2003

In fiscal 2003 actual expenditures of CCA were quite similar to the legislative appropriation, showing a decrease of \$2.7 million overall, or 1.5%. General fund spending decreased slightly due to cost containment. Special fund spending increased due to local government supplements for the POC program. Federal fund spending decreased due to cost containment in credentialing, health system development, and quality improvement contracts, despite a small increase (in TANF) for after school programs.

Fiscal 2004

The fiscal 2004 working appropriation is about \$1.9 million less than the legislative appropriation due to cost containment measures.

**Object/Fund Difference Report
DHR – Child Care Administration**

<u>Object/Fund</u>	<u>FY03 Actual</u>	<u>FY04 Working Appropriation</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 Amount Change</u>	<u>Percent Change</u>
Positions					
01 Regular	207.50	208.50	208.50	0	0%
Total Positions	207.50	208.50	208.50	0	0%
Objects					
01 Salaries and Wages	\$ 12,405,498	\$ 12,633,444	\$ 12,320,195	-\$ 313,249	-2.5%
02 Technical & Spec Fees	183,594	15,577	15,577	0	0%
03 Communication	543,843	314,591	314,246	-345	-0.1%
04 Travel	126,592	116,481	116,481	0	0%
07 Motor Vehicles	30,859	47,159	52,032	4,873	10.3%
08 Contractual Services	148,898,714	120,212,075	123,015,131	2,803,056	2.3%
09 Supplies & Materials	77,815	47,247	47,247	0	0%
10 Equip - Replacement	499	0	0	0	0.0%
12 Grants, Subsidies, Contracts	13,491,659	4,140,218	425,738	-3,714,480	-89.7%
13 Fixed Charges	651,350	762,785	768,654	5,869	0.8%
Total Objects	\$ 176,410,423	\$ 138,289,577	\$ 137,075,301	-\$ 1,214,276	-0.9%
Funds					
01 General Fund	\$ 39,477,153	\$ 44,956,727	\$ 49,099,761	\$ 4,143,034	9.2%
03 Special Fund	209,333	0	0	0	0.0%
05 Federal Fund	136,723,937	93,332,850	87,975,540	-5,357,310	-5.7%
Total Funds	\$ 176,410,423	\$ 138,289,577	\$ 137,075,301	-\$ 1,214,276	-0.9%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.

**Fiscal Summary
DHR – Child Care Administration**

<u>Unit/Program</u>	<u>FY03 Actual</u>	<u>FY04 Legislative Appropriation</u>	<u>FY04 Working Appropriation</u>	<u>FY03 - FY04 % Change</u>	<u>FY05 Allowance</u>	<u>FY04 - FY05 % Change</u>
01 General Administration	\$ 41,630,171	\$ 31,040,855	\$ 29,115,961	-30.1%	\$ 25,240,134	-13.3%
09 Purchase of Child Care	134,780,252	109,173,616	109,173,616	-19.0%	111,835,167	2.4%
Total Expenditures	\$ 176,410,423	\$ 140,214,471	\$ 138,289,577	-21.6%	\$ 137,075,301	-0.9%
General Fund	\$ 39,477,153	\$ 46,524,881	\$ 44,956,727	13.9%	\$ 49,099,761	9.2%
Special Fund	209,333	-\$ 0	0	-100.0%	0	0.0%
Federal Fund	136,723,937	93,689,588	93,332,850	-31.7%	87,975,540	-5.7%
Total Appropriations	\$ 176,410,423	\$ 140,214,471	\$ 138,289,577	-21.6%	\$ 137,075,301	-0.9%

Note: The fiscal 2004 appropriation does not include deficiencies, and the fiscal 2005 allowance does not reflect contingent reductions.