

File - child
Care -



Administration for Children & Families

Allocation

Facsimile from:

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Date: Monday, Aug 4

This transmission consists of this cover page plus 20 pages.

To: Cynthia Rice	From: Joan Lombardi
Phone: 2	Phone: 401-6947
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Message:

Cynthia -
This is the letter that will
go to the States on Wed. I'm
also sending it to Keith Fontenot/
Jeff Farces at OMB & Emily Bronberg.
Please let me know if you have
any comments by COB today -
Thanks
Joan

Dear Child Care Lead Agency Director:

This to inform you that the estimated Mandatory and Matching Child Care allocations we transmitted to you in our letter of August 27, 1996 need to be adjusted. We recognize that changes in funding levels could affect a State's provision of child care services. Thus, we apologize for this unfortunate situation. In this letter, we explain how we have come to this conclusion, attempt to describe the fiscal impact on affected States, ask that you review the data to ensure that our corrections are complete, and describe our efforts to correct this situation.

In the process of finalizing Child Care maintenance-of-effort (MOE) amounts, we determined that we erred in the method of calculating the Mandatory Child Care allocations for twenty-two States. For sixteen of the twenty-two States, revisions are in excess of a thousand dollars. Changes to Mandatory allocations automatically result in changes to Matching child allocations and maintenance-of-effort (MOE) levels¹.

Explanation of why original allocations were incorrect

Revisions to the Mandatory Child Care allocations are necessary because the expenditure amounts used for the At-Risk Child Care (ARCC) program were inaccurate. There are two primary reasons that inaccurate ARCC data were used. First, according to the statute, States are to receive the greatest of Federal payments for either the average of FYs 1992-1994, for FY 1994, or for FY 1995. The original allocations contained in the letter of last August were calculated by the Administration for Children and Families (ACF) using the Federal share of expenditures claimed by States on the ACF-231 financial report for ARCC, AFDC/JOBS, and Transitional Child Care. Some States reported ARCC claims for expenditures that exceeded the maximum grants to which they were entitled. ACF does not make changes to financial reports submitted by States before entering the information into the database. Any necessary corrections or adjustments, such as excess claims, are made later as part of the payment process. Therefore, although the excess claims were not eligible for Federal reimbursement, the State-submitted ARCC expenditure claims were entered into the database that was later used to calculate the Mandatory Child Care allocations. In generating the original Mandatory allocations ACF used these data downloaded

¹This letter not only explains our reasons for recomputing the Mandatory allocations but, as explained more fully later, provides each State the opportunity to review the data that were used to determine the revised Mandatory allocations and maintenance-of-effort levels. Thus, States should note that the revised Mandatory allocations, the Matching allocations, and the MOE levels are still preliminary.

from the database for all three of the former child care programs. For States whose ARCC claims were higher than the maximum grants, ACF inappropriately used the higher claimed amounts instead of the amounts paid up to the maximum grants. A State's ARCC maximum grant is the upper limit of the Federal share of expenditures required to be paid under section 403, and therefore inclusion of expenditure claims in excess of this amount in the Mandatory Child Care allocations was inconsistent with the statutory formula. No such problem occurred in the AFDC/JOBS Child Care program or the Transitional Child Care program because there was no maximum grant amount limitation in either of those programs.

Second, we determined that for FYs 1994 and 1995, in limited instances, data submitted on reports received by ACF before the statutory "as-of" dates had not been entered into the database used to make the calculations and, in some cases, data had been entered incorrectly into the database. Furthermore, the original allocations did not include "end-of-year" adjustments for ARCC. Attachment D contains a more detailed description of these errors.

We revised the Mandatory allocations to correct for these deficiencies. In Attachment A, the column "New Standard Mandatory Allocation" lists the revised Mandatory allocations (which are preliminary).

Impact of changes on States

Based on our revised calculations, Mandatory allocations for sixteen States are affected in amounts that exceed a thousand dollars. Of these, Mandatory allocations for fifteen States are decreased; the allocation for 1 State increases slightly. In eleven of the fifteen States, the amount of the reduction is less than 5 percent of the original allocation. However, in 4 States, the Mandatory allocation reduction exceeds 5 percent. Attachment A, column "Adjustment to Correct Mandatory Allocation" lists the reductions/increases to the twenty-two affected States. The net result was a reduction of \$18,616,539.

Because the sum of Mandatory allocations for all States was reduced by \$18,616,539, all States will receive increases to their Matching Child Care allocations. Our preliminary revisions indicate that many States realize increases in the sum of the Mandatory and Matching allocations.

We also realize that because Matching allocations increase and Mandatory allocations decrease, States will have to contribute a larger State share of payments. This effect is somewhat moderated, however, because MOE levels decreased for most States. Attachment B provides you with the revised MOE levels as compared to the original MOE levels transmitted in our letter of August 27, 1996. These revised MOE levels are also preliminary.

ACF Corrective Action

We do not intend to make these corrections in FY 1997. This is because we want States to verify the data which we used for the revised calculations to help ensure that they are correct. As this entire process cannot be completed in time to adjust grants in FY 1997, FY 1998 Mandatory allocations will have to be adjusted to correct for overpayments/underpayments in FY 1997. States with FY 1997 allocations that were too high will have a lower allocation in FY 1998 to reflect correct data. That allocation will be further reduced to recoup the amount of the overpayment in FY 1997. We recognize that the impact on affected States for FY 1998 is greater because of the adjustment for FY 1997. Legislative action would be required to ameliorate the disruption to child care services in the negatively affected States. We welcome the opportunity to work with the Congress to develop a cost neutral legislative solution.

Allocations for States that were underpaid in FY 1997 will be higher in FY 1998 to reflect corrected data. Those States would also receive a further increase to their allocations in FY 1998 to correct for the underpayment for FY 1997.

Preliminary FY 1998 Mandatory allocations, which reflect the changes made as a result of corrected data and to correct for overpayments/underpayments for FY 1997, are listed in Attachment A, column "Adjusted** Mandatory Allocation for FY 98 Only."

After the allocations have been finalized, ACF will issue corrected FY 1998 allocations in quarterly grants based on States estimates' of need as reported on the financial report, "Child Care and Development Fund ACF-696 Financial Report." (The ACF-696 is pending clearance by the Office of Management and Budget.) Thus, the recoupment of FY 1997 overpayments and the payment for FY 1997 underpayments will be distributed among four quarters in FY 1998.

Attachment A also includes preliminary FY 1998 Matching Child Care allocations in column "Revised FY 98 Matching Allocation" based on corrected data and correcting for FY 1997 over-or-underpayments. These amounts also reflect the increase in the FY 1998 appropriation for Mandatory and Matching Child Care and the use of FY 1996 Census data.

State Maintenance-of-Effort Levels

In developing the revised Mandatory allocations, i.e., the "New Standard Mandatory Allocation" for each State, one result was that State MOE levels were also revised. A comparison of the original MOE levels contained in our letter of last August and the revised MOE levels is included as Attachment B. The revised MOE levels, when finalized, will be in affect for FYs 1997 through 2002 as these are the amounts stipulated under the statute.

Review of Back-up Data

At this time, we do not consider the "New Standard Mandatory Allocation" amounts for each State to be final. We have recomputed the Mandatory allocations so that ARCC payments do not exceed maximum grant levels. We have also made other corrections to the data, to the extent that we could. However, to avoid future disruptions, we are asking States to review the data we used to determine the revised Mandatory allocations. Attachment C contains three pages of back-up data. They represent the Federal payments made for each fiscal year, for FYs 1992 through FY 1995 which were included in our database. The tables show that, for every State, the Mandatory allocations were based either on FY 1994 or FY 1995 expenditure data for the three categories of child care, i.e., AFDC/JOBS, Transitional, and At-Risk Child Care (up to the maximum grant amounts).

It is important that all States realize that Mandatory allocations must reflect no more than the "maximum grant" amounts for ARCC. The "as-of" dates are also critical. For FYs 1992 through 1994 the date of the financial reports must be no later than April 28, 1995. For FY 1995 data, the date of the financial reports must be no later than February 28, 1996. If you find that your data on your financial reports do not agree with the back-up data in Attachment C one reason may be that your reports were dated after the "as-of" dates in the statute. Reports dated after the "as-of" dates must be excluded from the calculations. However, if the data included in your financial reports, which are dated on or before the "as-of" dates, are different than the preliminary revised Mandatory allocations, you should notify the ACF contacts (Attachment D) as soon as possible.

Attachment D describes the method, data, and "as-of" dates that we used for making the calculations. Please review this attachment carefully because all adjustments must be made in accordance with its instructions.

We also request that you review the back-up data that support the MOE levels (Attachment C). The MOE levels are based on the State share of expenditures for FY 1994 or FY 1995, whichever is greater. We used the same data and "as-of" dates that were used in the FY 1994 and FY 1995 calculations for the Mandatory allocations. Thus, the FY 1994 and FY 1995 State share amounts should correspond to the Federal payments as determined by using the instructions in Attachment D.

States should note that changes to the Mandatory allocations will result in changes in the Matching allocations for all States.

If you believe that your Mandatory allocation or MOE level should be revised based on your data and the instructions provided in Attachment D, you must notify us of any changes by August 27, 1997. (Attachment D identifies ACF staff you can contact if you have questions.) Adhering to the date of August 27, 1997 is

necessary to allow us time to finalize the allocations and to receive a correct apportionment for FY 1998 which, in turn, will permit us to issue grants on October 1, 1997.

Finally, Attachment E contains a set of questions and answers that may arise as a result of this letter.

We appreciate your understanding and cooperation in this effort. Thank you very much.

Sincerely,

Norman L. Thompson
Director
Office of Program Support

Attachment A - Summary of Changes
Attachment B - State Maintenance-of-Effort Levels
Attachment C - Back-up Data
Attachment D - Methodology and "As-Of" Dates
Attachment E - Questions and Answers

PRELIMINARY

CHILD CARE DEVELOPMENT FUND
MANDATORY AND MATCHING FY-1998 ALLOCATION

Attachment A

7/25/97

	(A)		(B)		(C)		(D)		(E)		(F)		(G)		(H)		(I)		(J)		(K)		L
	IN-CORRECT FY 97 MANDATORY ALLOCATION	ADJUSTMENT TO CORRECT MANDATORY ALLOCATION	NEW STANDARD MANDATORY ALLOCATION	ONE-TIME ADJUSTMENT RECOVER FY 97 OVERPAYMENT	ADJUSTED ** MANDATORY ALLOCATION FOR FY 98 ONLY	PRELIMINARY FY 98 MATCHING	INCREASE IN MATCHING DUE TO ONE-TIME FY 1997 ADJUSTMENT AND REVISED FY-1998 MANDATORY ALLOCATIONS	REVISED FY-1998 MATCHING	REVISED TOTAL ALLOCATION	PRIME TOTAL ALLOCATION	NET DIFFERENCE BETWEEN ORIGINAL FY 98 TOTAL AND REVISED TOTAL	%											
ALABAMA	14,544,707		16,441,707		16,441,707	12,242,453	569,434	11,113,989	29,553,986	28,997,082	556,904	100.182	1.7%										
ALASKA	1,544,811		1,544,811		1,544,811	2,310,453	100,392	2,310,453	1,833,443	1,753,271	80,182	100.182	2.7%										
ARIZONA	19,896,997	(65,972)	19,831,025	(65,972)	19,765,053	13,980,483	639,356	14,510,839	14,625,136	14,625,136	100.000	0.0%											
ARKANSAS	5,200,263		5,200,263		5,200,263	7,625,713	345,824	7,971,537	13,273,802	12,979,996	293,806	100.226	2.3%										
CALIFORNIA	92,946,529	(7,563,410)	85,383,119	(7,563,410)	77,819,709	40,676,544	4,970,348	45,646,892	141,466,601	137,676,497	3,790,104	100.270	4.8%										
COLORADO	16,173,800		16,173,800		16,173,800	11,772,437	533,610	12,306,047	22,480,057	21,940,447	539,610	100.248	2.4%										
CONNECTICUT	18,726,357		18,726,357		18,726,357	9,683,217	438,927	10,122,144	28,861,011	28,422,004	439,007	100.155	1.5%										
DELAWARE	5,072,433		5,072,433		5,072,433	8,181,296	95,622	7,985,674	7,985,674	7,985,674	100.000	0.0%											
DISTRICT OF COLUMBIA	4,720,716		4,720,716		4,720,716	18,665,996	62,711	18,728,707	18,665,996	18,665,996	100.000	0.0%											
FLORIDA	40,974,514		40,974,514		40,974,514	41,219,342	1,808,342	43,027,684	66,114,708	64,246,366	1,868,342	100.242	2.2%										
GEORGIA	16,511,797		16,511,797		16,511,797	23,222,871	1,033,742	24,256,613	40,812,272	39,748,638	1,063,634	100.264	1.8%										
HAWAII	3,230,634		3,230,634		3,230,634	3,215,416	148,426	3,363,842	6,602,917	6,597,409	5,508	100.008	0.7%										
IDAHO	1,867,578		1,867,578		1,867,578	3,928,266	179,051	4,127,317	4,996,852	4,817,844	179,008	100.371	2.6%										
ILLINOIS	26,997,478	(2,715,640)	24,281,838	(2,715,640)	21,566,198	27,626,846	8,211,684	35,838,532	44,631,856	44,631,856	100.000	0.0%											
INDIANA	16,181,999		16,181,999		16,181,999	17,462,440	791,507	18,253,947	44,433,146	43,644,439	788,707	100.179	1.8%										
IOWA	8,272,245		8,272,245		8,272,245	7,073,622	151,602	7,225,224	16,873,622	16,673,622	200,000	100.120	1.2%										
KANSAS	9,811,468		9,811,468		9,811,468	7,877,763	451,602	8,329,365	18,131,138	17,789,431	341,707	100.192	1.7%										
KENTUCKY	16,791,481		16,791,481		16,791,481	14,197,047	304,921	14,501,968	28,018,561	27,838,561	180,000	100.065	0.6%										
LOUISIANA	13,864,532		13,864,532		13,864,532	14,233,091	644,130	14,877,221	23,785,775	23,119,640	666,135	100.286	2.3%										
MAINE	3,337,408		3,337,408		3,337,408	3,336,486	435,536	3,772,022	6,494,509	6,494,509	100.000	0.0%											
MARYLAND	12,301,407		12,301,407		12,301,407	15,259,475	709,160	16,285,635	19,487,042	18,880,882	606,160	100.350	1.8%										
MASSACHUSETTS	44,973,372		44,973,372		44,973,372	17,296,313	779,445	17,975,758	62,960,131	62,169,686	790,445	100.148	1.2%										
MICHIGAN	23,081,921		23,081,921		23,081,921	14,469,312	4,332,318	18,801,630	43,269,429	43,269,429	100.000	0.0%											
MINNESOTA	23,267,543		23,267,543		23,267,543	19,469,312	653,849	20,123,161	38,492,904	37,827,031	665,873	100.177	1.7%										
MISSISSIPPI	6,393,116		6,393,116		6,393,116	8,702,340	391,445	9,093,785	14,389,021	14,389,021	100.000	0.0%											
MISSOURI	24,668,508		24,668,508		24,668,508	16,227,025	733,965	16,960,990	41,641,590	40,903,625	737,965	100.182	1.8%										
MONTANA	3,196,691		3,196,691		3,196,691	2,622,241	118,866	2,741,097	5,931,788	5,931,788	100.000	0.0%											
NEBRASKA	11,838,100		11,838,100		11,838,100	8,029,664	282,888	8,312,552	15,812,552	15,812,552	100.000	0.0%											
NEVADA	1,380,422		1,380,422		1,380,422	3,002,339	230,753	3,233,092	7,267,339	7,267,339	100.000	0.0%											
NEW HAMPSHIRE	3,581,444		3,581,444		3,581,444	3,580,329	129,793	3,710,122	7,149,329	7,149,329	100.000	0.0%											
NEW JERSEY	31,463,623		31,463,623		31,463,623	24,080,703	1,071,801	25,152,504	46,676,272	46,676,272	100.000	0.0%											
NEW MEXICO	1,702,604		1,702,604		1,702,604	3,880,547	646,546	4,527,093	10,410,547	10,410,547	100.000	0.0%											
NEW YORK	141,853,534		141,853,534		141,853,534	29,000,019	2,487,019	31,487,038	359,495,151	359,495,151	100.000	0.0%											
NORTH CAROLINA	69,439,228		69,439,228		69,439,228	21,500,100	992,784	22,492,884	92,335,028	92,335,028	100.000	0.0%											
NORTH DAKOTA	1,504,022		1,504,022		1,504,022	1,929,261	86,330	2,015,591	4,501,822	4,501,822	100.000	0.0%											
OHIO	70,444,779		70,444,779		70,444,779	33,256,331	1,329,114	34,585,445	104,261,266	104,261,266	100.000	0.0%											
OKLAHOMA	19,408,790		19,408,790		19,408,790	10,147,820	439,863	10,587,683	33,317,742	33,317,742	100.000	0.0%											
OREGON	19,408,790		19,408,790		19,408,790	9,284,414	9,809,775	19,094,189	28,218,243	28,218,243	100.000	0.0%											
PENNSYLVANIA	55,334,804		55,334,804		55,334,804	34,008,684	1,541,487	35,550,171	90,886,973	89,345,488	1,541,485	100.178	1.7%										
PUERTO RICO	6,633,774		6,633,774		6,633,774	2,811,678	127,443	2,939,121	9,572,895	9,572,895	100.000	0.0%											
RHODE ISLAND	9,867,439		9,867,439		9,867,439	11,016,296	499,328	11,515,624	23,383,936	23,383,936	100.000	0.0%											
SOUTH CAROLINA	1,146,868		1,146,868		1,146,868	2,526,711	163,597	2,690,308	4,433,966	4,433,966	100.000	0.0%											
SOUTH DAKOTA	37,702,043		37,702,043		37,702,043	15,312,318	703,118	16,015,436	51,917,829	51,917,829	100.000	0.0%											
TENNESSEE	59,844,129		59,844,129		59,844,129	65,039,807	2,971,931	67,985,938	127,330,057	127,330,057	100.000	0.0%											
Texas	13,591,544		13,591,544		13,591,544	7,839,897	333,938	8,173,835	20,754,409	20,400,461	353,948	100.348	2.4%										
UTAH	4,486,064		4,486,064		4,486,064	3,992,440	76,906	4,069,346	8,468,406	8,468,406	100.000	0.0%											
VERMONT	21,128,766		21,128,766		21,128,766	19,451,723	883,034	20,334,757	41,693,323	40,810,401	882,922	100.218	2.2%										
VIRGINIA	41,888,446		41,888,446		41,888,446	18,913,161	762,704	19,675,865	59,508,609	58,883,531	625,078	100.107	1.1%										
WASHINGTON	8,240,237		8,240,237		8,240,237	4,210,402	219,523	4,429,925	13,331,143	13,331,143	100.000	0.0%											
WEST VIRGINIA	24,511,351		24,511,351		24,511,351	13,463,079	700,883	14,163,962	39,673,304	39,673,304	100.000	0.0%											
WISCONSIN	2,815,041		2,815,041		2,815,041	1,674,171	64,819	1,739,090	4,334,031	4,334,031	100.000	0.0%											
WYOMING	1,491,824,796		1,491,824,796		1,491,824,796	811,444,600	37,233,134	848,677,734	1,820,497,500	1,820,497,500	100.000	0.0%											
TOTAL	1,491,824,796	(18,616,562)	1,473,208,234	(18,616,562)	1,454,591,672	811,444,600	37,233,134	848,677,734	1,820,497,500	1,820,497,500	100.000	0.0%											

The data is based on the assumption that adjustments are needed to FY 98 to correct errors made in FY 97.

The column labeled "Adjusted mandatory allocation for FY 98 only" includes the one-time correction of the error in FY 97 from above.

** The data includes the FY 98 increase in matching funds as appropriated by Congress.

The allocation has been updated to reflect FY 98 Census Bureau data on children.

See attached explanation of headings.

Child Care Development Fund
Mandatory and Matching FY 1998 Allocations
Includes FY 1997 Adjustments

Explanation of Chart Headings

- (A) Incorrect FY 97 Mandatory Allocation - The original Mandatory allocations that were transmitted in August 27, 1996 letters to Child Care Lead Agency Directors.
- (B) Adjustment to Correct Mandatory Allocation - The reductions and increases to individual States resulting from our revisions which used corrected data (includes corrections to limit allocations to At-Risk maximum grant levels).
- (C) New Standard Mandatory Allocation - The Mandatory allocations that were revised based on corrected data (includes corrections made to limit allocations to At Risk maximum grant levels). Column (A) - Column (B).
- (D) One-Time Adjustment to Recover FY 1997 Overpayments - The corrections to State allocations for FY 1998 in order to collect for FY 1997 overpayments.
- (E) Adjusted Mandatory Allocation for FY 98 Only - The Mandatory allocations that are based on corrected data and the one-time adjustment for FY 1997. Column (A) - ((B) + (D)).
- (F) Preliminary FY 98 Matching Allocation - The amounts States would have received in FY 1998 based on the increased appropriation for FY 1998 and the use of FY 1996 Census Data to determine allocations. They do not reflect the effect of the revisions to the Mandatory allocations based on corrected data or the one-time adjustment for FY 1997.
- (G) Increase in Matching Due to One-Time FY 1997 Adjustment and Revised FY 1998 Mandatory Allocations - The revised FY 1998 Matching allocations that are due to the reductions in Mandatory allocations based on corrected data and the one-time adjustment for FY 1997.
- (H) Revised FY 1998 Matching Allocation*** - The sum of columns (F) and (G).
- (I) Revised Total Allocation - The sum of columns (E) and (H).
- (J) Prior Total Allocation - The sum of columns (A) and (F). These are the amounts States would have received in FY 1998 had we not revised Mandatory allocations based on corrected data and made the one-time adjustment for FY 1997.

- (K) Net Difference for FY 98 - The difference between columns (I) and (J) for individual States.
- (L) % of Difference - Column (K) represented in percentages.

CHILD CARE MAINTENANCE-OF-EFFORT LEVELS

Attachment B

PRELIMINARY JULY 25, 1997	ORIGINAL MOE LEVELS	REVISED MOE LEVELS	DIFFERENCE ORIGINAL MINUS REVISED
ALABAMA	6,896,415	6,896,417	2
ALASKA	3,544,811	3,544,811	
ARIZONA	10,065,324	10,032,936	(32,388)
ARKANSAS	1,886,541	1,886,543	2
CALIFORNIA	92,945,659	85,593,217	(7,352,443)
COLORADO	8,985,899	8,985,901	2
CONNECTICUT	18,738,357	18,738,358	1
DELAWARE	5,179,351	5,179,325	(26)
DISTRICT OF COL	4,720,514	4,566,972	(153,542)
FLORIDA	33,424,300	33,415,872	(8,428)
GEORGIA	22,167,213	22,182,651	15,438
GUAM	-	-	-
HAWAII	5,220,634	4,971,630	(249,004)
IDAHO	1,175,819	1,175,819	-
ILLINOIS	59,609,473	56,873,825	(2,735,648)
INDIANA	15,356,949	15,356,947	(2)
IOWA	5,299,427	5,078,586	(220,841)
KANSAS	6,672,989	6,673,024	35
KENTUCKY	7,274,356	7,274,537	181
LOUISIANA	5,219,484	5,219,488	4
MAINE	1,928,151	1,749,818	(178,333)
MARYLAND	23,301,407	23,301,407	-
MASSACHUSETTS	44,973,373	44,973,368	(5)
MICHIGAN	24,360,587	24,411,364	50,777
MINNESOTA	19,690,395	19,690,299	(96)
MISSISSIPPI	1,715,431	1,715,430	(1)
MISSOURI	16,548,755	16,548,755	-
MONTANA	1,315,298	1,313,990	(1,308)
NEBRASKA	6,955,059	6,498,998	(456,061)
NEVADA	2,580,422	2,580,421	(1)
NEW HAMPSHIRE	5,051,606	4,581,866	(469,740)
NEW JERSEY	31,662,653	26,374,178	(5,288,475)
NEW MEXICO	3,034,328	2,895,259	(139,069)
NEW YORK	104,893,534	104,893,348	(186)
NORTH CAROLINA	37,978,185	37,927,282	(50,903)
NORTH DAKOTA	1,017,135	1,017,036	(99)
OHIO	45,628,354	45,403,943	(224,411)
OKLAHOMA	10,650,305	10,630,233	(20,072)
OREGON	11,714,991	11,714,966	(25)
PENNSYLVANIA	46,628,930	46,629,051	121
PUERTO RICO	-	-	-
RHODE ISLAND	5,321,126	5,321,126	-
SOUTH CAROLINA	4,087,361	4,085,269	(2,092)
SOUTH DAKOTA	802,897	802,914	17
TENNESSEE	18,975,714	18,975,782	68
TEXAS	34,681,426	34,681,421	(5)
UTAH	4,474,925	4,474,923	(2)
VERMONT	2,804,331	2,666,323	(138,008)
VIRGIN ISLANDS	-	-	-
VIRGINIA	21,328,766	21,328,762	(4)
WASHINGTON	38,768,113	38,707,605	(60,508)
WEST VIRGINIA	2,971,393	2,971,392	(1)
WISCONSIN	16,470,677	16,449,406	(21,271)
WYOMING	1,553,781	1,553,707	(74)
TOTAL	908,252,925	890,516,491	(17,736,424)

DATA FOR REVISED CHILD CARE MANDATORY ALLOCATIONS

PRELIMINARY JULY 25, 1997	AFDC/TCC FY-1992	At-Risk FY-1992	Total FY-1992	AFDC/TCC FY-1993	At-Risk FY-1993	Total FY-1993	AFDC/TCC FY-1994	At-Risk FY-1994	Total FY-1994
ALABAMA	5,413,039	6,523,497	11,936,536	9,877,425	4,691,783	14,569,208	11,637,741	4,226,189	16,063,930
ALASKA	1,391,572	1,477,895	2,869,467	1,564,545	788,829	2,353,374	1,880,755	858,407	2,739,162
ARIZONA	6,058,198	9,210,118	15,268,316	8,645,394	4,622,982	13,268,376	11,010,494	4,694,914	15,705,398
ARKANSAS	1,582,294	490,545	2,072,839	1,847,612	1,820,416	3,668,028	1,539,274	2,328,062	3,867,336
CALIFORNIA	17,999,950	72,300,355	90,300,305	19,441,386	21,177,449	40,618,834	30,342,637	55,250,581	85,593,218
COLORADO	3,961,836	3,768,704	7,730,540	5,298,775	4,279,147	9,577,922	5,744,785	4,061,715	9,806,500
CONNECTICUT	6,360,778	3,455,348	9,816,126	7,407,751	3,485,244	10,892,995	10,632,128	4,573,662	15,205,790
DELAWARE	1,977,299	776,832	2,754,131	2,721,795	770,001	3,491,796	3,431,399	770,654	4,202,053
DISTRICT OF COL.	3,131,684	598,509	3,729,992	3,102,420	647,894	3,750,314	3,193,254	536,941	3,730,195
FLORIDA	16,552,053	19,829,822	36,381,875	19,945,565	13,632,228	33,577,793	22,624,372	13,903,803	35,928,175
GEORGIA	16,808,318	8,098,012	24,906,330	25,184,627	4,954,659	30,139,286	33,906,337	894,378	34,800,715
GUAM									
HAWAII	200,316	896,267	1,096,583	223,634	1,085,665	1,309,299	1,651,421	1,560,033	3,211,454
IDAHO	984,752	270,987	1,255,739	1,146,961	1,347,574	2,494,535	1,429,072	1,438,506	2,867,578
ILLINOIS	7,228,181	11,196,969	18,425,150	12,286,659	16,066,892	28,293,541	22,026,566	13,426,268	35,452,834
INDIANA	3,375,549	332,970	3,708,519	6,336,265	3,015,853	9,352,119	15,050,339	5,182,453	20,232,792
IOWA	1,779,114	5,225,209	7,004,323	2,516,496	3,225,815	5,742,311	3,410,814	3,176,853	6,587,667
KANSAS	5,180,643	5,833,592	11,014,235	6,945,060	888,097	7,833,157	6,812,608	2,999,113	9,811,721
KENTUCKY	8,677,264	3,923,475	12,600,739	10,982,016	4,551,002	15,533,018	12,647,076	4,054,577	16,701,653
LOUISIANA	6,634,377		6,634,377	8,993,042		8,993,042	10,660,252		10,660,252
MAINE	744,871	235,013	979,884	933,904	1,791,291	2,725,195	1,254,702	1,335,153	2,589,855
MARYLAND	10,923,559	6,504,331	17,427,890	14,979,693	5,539,284	20,518,977	17,484,390	5,562,252	23,046,642
MASSACHUSETTS	22,118,168	6,121,434	28,239,602	27,016,138	6,287,443	33,303,581	31,838,231	6,239,983	38,078,214
MICHIGAN	15,527,264		15,527,264	22,139,463	7,449,338	29,588,801	8,973,987	14,727,552	23,701,539
MINNESOTA	11,344,056	5,245,168	16,589,224	13,874,693	5,426,536	19,301,229	16,575,250	5,358,597	21,933,847
MISSISSIPPI	2,442,225		2,442,225	3,413,192		3,413,192	3,931,123	141,906	4,073,029
MISSOURI	7,801,421	7,313,089	15,114,510	13,297,107	6,021,795	19,318,902	14,990,416	5,926,418	20,916,834
MONTANA	2,105,807	3,588	2,109,395	1,820,464	202,296	2,022,760	2,205,953	768,698	2,974,651
NEBRASKA	6,463,603	3,206,314	9,669,917	8,086,313	1,957,640	10,043,953	8,665,389	1,929,249	10,594,638
NEVADA	813,226	898,355	1,711,581	1,012,419	1,871,183	2,883,602	952,671	1,406,799	2,359,470
NEW HAMPSHIRE	2,194,966	1,541,157	3,736,123	2,437,824	1,290,444	3,727,468	3,052,842	1,260,806	4,313,650
NEW JERSEY	8,019,819	14,980,143	22,999,962	8,989,378	8,299,429	17,287,807	10,612,064	8,271,876	18,883,940
NEW MEXICO	2,106,558	1,613,293	3,719,851	3,891,781	2,580,343	6,472,124	6,236,052	2,071,535	8,307,587
NEW YORK	46,675,228	19,930,396	66,605,624	56,144,814	19,681,490	75,826,304	44,091,987	18,646,983	63,738,970
NORTH CAROLINA	23,605,193	4,960,989	28,566,181	37,990,784	9,691,297	47,672,081	53,358,213	7,274,110	60,632,323
NORTH DAKOTA	1,940,515		1,940,515	1,709,006	956,387	2,665,393	1,757,979	748,042	2,506,021
OHIO	19,282,363	18,119,494	37,401,857	36,136,100	12,598,496	48,734,596	44,587,600	7,732,029	52,319,629
OKLAHOMA	13,661,516	7,818,034	21,479,550	16,524,089	3,762,289	20,286,378	17,758,792	3,733,875	21,492,667
OREGON	7,831,237	5,029,527	12,860,764	8,909,100	3,353,505	12,262,605	14,939,279	3,351,616	18,290,895
PENNSYLVANIA	15,768,150	25,614,804	41,384,954	24,954,559	12,681,287	37,635,846	32,818,309	12,501,961	45,320,270
PUERTO RICO									
RHODE ISLAND	3,175,946	1,056,491	4,232,437	3,639,089	1,046,000	4,685,089	4,876,350	847,069	5,723,419
SOUTH CAROLINA	2,238,966	4,287,498	6,526,464	3,932,615	4,174,411	8,107,026	3,273,475	2,520,456	5,793,931
SOUTH DAKOTA	1,107,854	172,601	1,280,455	1,216,724	368,008	1,584,732	1,227,071	440,071	1,667,142
TENNESSEE	13,237,368		13,237,368	20,039,726	44,269	20,083,995	30,236,165	2,179,640	32,416,005
TEXAS	31,208,300	15,463,928	46,672,228	33,547,031	25,256,656	58,803,687	40,148,706	14,581,014	54,729,720
UTAH	7,718,301	655,565	8,373,866	8,822,002	3,450,655	12,272,657	9,765,937	2,815,627	12,581,564
VERMONT	1,785,976	648,324	2,434,300	1,981,105	658,187	2,639,292	3,308,044	636,844	3,944,889
VIRGIN ISLANDS									
VIRGINIA	8,398,803	7,627,040	16,025,843	10,454,498	6,785,125	17,239,623	11,539,780	5,434,565	16,974,345
WASHINGTON	16,969,669	8,935,413	25,905,082	23,215,644	5,997,425	29,213,069	30,421,400	6,037,741	36,459,141
WEST VIRGINIA	3,218,524		3,218,524	4,726,054	2,038,313	6,764,367	5,344,677	1,801,604	7,146,281
WISCONSIN	10,245,157	7,826,412	18,071,569	10,655,312	5,891,993	16,547,305	12,142,049	5,829,483	17,971,532
WYOMING	2,068,751	437,964	2,506,715	2,091,733	475,627	2,567,360	2,895,752	719,289	3,615,041
TOTAL	437,960,508	330,455,289	768,415,797	583,047,974	288,609,961	841,657,935	699,695,938	277,777,154	977,473,092

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PRELIMINARY JULY 25, 1997	DATA FOR REVISED CHILD CARE MANDATORY ALLOCATIONS							MAXIMUM	
	Total	Total	Total		AFDC/TCC	At-Risk	Total	AVG 92-94	
	FY-1992	FY-1993	FY-1994	Avg. FY 92-94	FY-1995	FY-1995	FY-1995	FY 94 OR 95	FY 95
ALABAMA	11,936,536	14,569,298	16,063,930	14,189,891	12,021,999	4,419,709	16,441,707	16,441,707	FY 95
ALASKA	2,869,467	2,353,374	2,739,162	2,654,001	2,742,189	602,623	3,544,811	3,544,811	FY 95
ARIZONA	15,268,316	13,269,376	15,705,398	14,747,363	15,057,885	4,769,140	19,827,025	19,827,025	FY 95
ARKANSAS	2,072,839	3,668,028	3,867,336	3,202,734	2,352,532	2,947,751	5,300,283	5,300,283	FY 95
CALIFORNIA	90,300,305	40,618,834	85,593,218	72,170,786	44,727,606	34,139,378	78,866,964	85,593,218	FY 94
COLORADO	7,730,540	9,577,922	9,806,500	9,038,320	6,036,985	4,136,815	10,173,800	10,173,800	FY 95
CONNECTICUT	9,816,126	10,892,995	15,205,790	11,971,637	15,290,127	3,448,230	18,738,357	18,738,357	FY 95
DELAWARE	2,754,131	3,491,796	4,202,053	3,482,660	4,401,615	777,715	5,179,330	5,179,330	FY 95
DISTRICT OF COL.	3,729,992	3,750,314	3,730,195	3,736,834	4,040,216	526,758	4,566,974	4,566,974	FY 95
FLORIDA	36,381,875	33,577,793	35,928,175	35,295,949	28,954,312	14,072,212	43,026,524	43,026,524	FY 95
GEORGIA	24,906,330	30,139,286	34,800,715	29,948,777	36,269,904	279,319	36,548,223	36,548,223	FY 95
GUAM									
HAWAII	1,096,583	1,309,299	3,211,454	1,872,445	3,638,058	1,333,575	4,971,633	4,971,633	FY 95
IDAHO	1,255,739	2,494,535	2,867,578	2,205,950	1,283,802	1,396,193	2,679,995	2,867,578	FY 94
ILLINOIS	18,425,150	28,293,541	35,452,834	27,390,508	43,416,690	13,457,135	56,873,825	56,873,825	FY 95
INDIANA	3,708,519	9,352,118	20,232,792	11,097,610	21,148,498	5,033,501	26,181,999	26,181,999	FY 95
IOWA	7,004,323	5,742,311	6,587,667	6,444,767	5,394,051	3,113,742	8,507,793	8,507,793	FY 95
KANSAS	11,014,235	7,833,157	9,811,721	9,553,038	6,197,578	2,972,308	9,169,886	9,811,721	FY 94
KENTUCKY	12,600,739	15,533,019	16,701,653	14,945,137	12,523,859	4,114,996	16,638,855	16,701,653	FY 94
LOUISIANA	6,634,377	8,993,042	10,660,252	8,762,557	11,675,955	2,188,597	13,864,552	13,864,552	FY 95
MAINE	979,684	2,725,195	2,089,855	2,098,311	1,700,798	1,317,800	3,018,598	3,018,598	FY 95
MARYLAND	17,427,890	20,518,977	23,046,642	20,331,170	17,739,610	5,561,797	23,301,407	23,301,407	FY 95
MASSACHUSETTS	28,239,602	33,303,581	39,078,214	33,207,132	38,747,415	6,225,958	44,973,373	44,973,373	FY 95
MICHIGAN	15,527,264	29,598,801	23,701,539	22,939,201	21,212,735	10,869,187	32,081,922	31,081,922	FY 95
MINNESOTA	16,589,224	19,301,229	21,933,847	19,274,767	18,008,953	5,358,590	23,367,543	23,367,543	FY 95
MISSISSIPPI	2,442,225	3,413,192	4,073,029	3,309,482	5,092,877	1,200,239	6,293,116	6,293,116	FY 95
MISSOURI	15,114,510	19,318,902	20,916,834	18,450,082	18,774,700	5,893,868	24,668,568	24,668,568	FY 95
MONTANA	2,109,395	2,022,760	2,971,651	2,347,935	2,428,885	761,706	3,190,691	3,190,691	FY 95
NEBRASKA	9,669,917	10,043,953	10,594,638	10,102,836	7,908,342	1,894,162	9,802,504	10,594,638	FY 94
NEVADA	1,711,581	2,883,602	2,359,470	2,318,217	1,238,905	1,341,517	2,580,422	2,580,422	FY 95
NEW HAMPSHIRE	3,734,123	3,727,469	4,313,650	3,925,747	3,322,725	1,259,145	4,581,870	4,581,870	FY 95
NEW JERSEY	22,999,962	17,287,897	18,883,940	19,723,963	18,010,689	8,363,489	26,374,178	26,374,178	FY 95
NEW MEXICO	3,719,851	6,472,124	8,307,587	6,164,521	3,253,249	920,313	4,173,562	8,307,587	FY 94
NEW YORK	66,685,624	75,826,304	63,738,976	68,723,633	82,255,890	22,637,463	104,893,353	104,893,353	FY 95
NORTH CAROLINA	28,566,191	47,672,081	60,632,323	45,623,529	62,228,215	7,411,013	69,639,228	69,639,228	FY 95
NORTH DAKOTA	1,940,515	2,665,393	2,506,021	2,370,643	1,452,740	735,380	2,188,120	2,506,021	FY 94
OHIO	37,401,857	48,734,596	52,319,629	46,152,027	52,889,814	17,234,843	70,124,657	70,124,657	FY 95
OKLAHOMA	21,479,550	20,286,378	21,492,667	21,086,188	21,171,801	3,738,178	24,909,979	24,909,979	FY 95
OREGON	12,860,764	12,262,605	18,290,895	14,471,421	16,048,445	3,360,345	19,408,790	19,408,790	FY 95
PENNSYLVANIA	41,384,954	37,635,846	45,320,270	41,447,023	42,851,991	12,434,813	55,336,804	55,336,804	FY 95
PUERTO RICO									
RHODE ISLAND	4,232,437	4,685,889	5,723,419	4,880,315	5,595,072	1,038,702	6,633,774	6,633,774	FY 95
SOUTH CAROLINA	6,526,464	8,107,026	5,793,931	6,809,140	3,408,668	4,458,771	9,867,439	9,867,439	FY 95
SOUTH DAKOTA	1,280,455	1,584,732	1,607,142	1,510,776	1,065,190	645,612	1,710,802	1,710,802	FY 95
TENNESSEE	13,237,308	20,083,995	32,416,005	21,912,436	35,340,948	2,361,240	37,702,188	37,702,188	FY 95
TEXAS	46,672,228	58,803,687	54,729,720	53,401,878	42,595,266	17,248,663	59,844,129	59,844,129	FY 95
UTAH	8,373,886	12,272,657	11,591,564	11,079,369	9,581,747	2,817,105	12,398,852	12,398,852	FY 94
VERMONT	2,352,300	2,639,292	3,944,688	2,978,826	2,591,686	627,591	3,219,277	3,944,688	FY 94
VIRGIN ISLANDS									
VIRGINIA	16,025,843	17,239,623	16,974,345	16,746,604	13,736,579	7,592,187	21,328,766	21,328,766	FY 95
WASHINGTON	25,905,082	29,213,069	36,459,141	30,525,764	35,766,100	6,117,344	41,883,444	41,883,444	FY 95
WEST VIRGINIA	3,218,524	6,764,367	7,144,281	5,709,724	6,966,166	1,760,839	8,727,005	8,727,005	FY 95
WISCONSIN	18,071,569	16,547,305	17,971,532	17,530,135	18,729,765	5,781,586	24,511,351	24,511,351	FY 95
WYOMING	2,506,715	2,567,360	2,815,041	2,629,705	2,947,929	582,872	2,630,801	2,815,041	FY 94
TOTAL	768,415,797	841,657,935	977,473,092	862,515,608	892,936,846	273,532,214	1,166,469,060	1,180,434,119	

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DATA FOR REVISED MAINTENANCE-OF-EFFORT CALCULATIONS

PRELIMINARY JULY 25, 1997	TITLE IV-A FY-1994	AT-RISK FY-1994	TOTAL FY-1994	TITLE IV-A FY-1995	AT-RISK FY-1995	TOTAL FY-1995	REVISED MOE LEVEL	FISCAL YEAR
ALABAMA	4,783,675	1,707,802	6,491,477	5,042,584	1,853,833	6,896,417	6,896,417	FY 95
ALASKA	1,890,753	858,407	2,739,160	2,742,187	802,624	3,544,811	3,544,811	FY 95
ARIZONA	5,697,906	2,429,368	8,126,894	7,619,636	2,413,300	10,032,936	10,032,936	FY 95
ARKANSAS	527,975	798,532	1,326,507	837,343	1,049,200	1,886,543	1,886,543	FY 95
CALIFORNIA	30,342,636	55,250,581	85,593,217	44,727,604	34,139,379	78,866,983	65,593,217	FY 94
COLORADO	4,834,932	3,418,423	8,253,355	5,332,101	3,653,800	8,985,901	8,985,901	FY 95
CONNECTICUT	10,632,126	4,573,661	15,205,787	15,290,129	3,448,230	18,738,358	18,738,358	FY 95
DELAWARE	3,431,396	770,653	4,202,049	4,401,618	777,715	5,179,325	5,179,325	FY 95
DISTRICT OF COL	3,193,253	536,941	3,730,194	4,040,214	526,758	4,566,972	4,566,972	FY 95
FLORIDA	18,180,758	11,473,912	29,654,670	22,484,154	10,931,718	33,415,872	33,415,872	FY 95
GEORGIA	20,369,851	537,314	20,907,165	22,013,121	169,530	22,182,651	22,182,651	FY 95
GUAM								
HAWAII	1,648,773	1,560,031	3,208,804	3,638,055	1,333,575	4,971,630	4,971,630	FY 95
IDAHO	585,975	589,644	1,175,619	546,541	594,387	1,140,928	1,175,619	FY 94
ILLINOIS	22,026,559	13,426,267	35,452,826	43,416,690	13,457,135	56,873,825	56,873,825	FY 95
INDIANA	8,654,703	2,980,235	11,634,938	12,404,566	2,952,381	15,356,947	15,356,947	FY 95
IOWA	1,074,963	1,839,494	3,814,457	3,819,588	1,858,698	5,078,586	5,078,586	FY 95
KANSAS	4,633,303	2,039,721	6,673,024	4,324,625	2,074,055	6,398,680	6,673,024	FY 94
KENTUCKY	5,188,325	1,663,342	6,851,667	5,475,494	1,799,053	7,274,537	7,274,537	FY 95
LOUISIANA	3,845,465		3,845,465	4,395,562	823,926	5,219,488	5,219,488	FY 95
MAINE	770,317	819,710	1,590,027	985,785	764,033	1,749,818	1,749,818	FY 95
MARYLAND	17,484,390	5,562,252	23,046,642	17,739,610	5,561,797	23,301,407	23,301,407	FY 95
MASSACHUSETTS	31,838,229	6,239,983	38,078,212	38,747,408	6,225,960	44,973,368	44,973,368	FY 95
MICHIGAN	6,822,101	11,399,026	18,221,127	16,158,125	8,253,239	24,411,364	24,411,364	FY 95
MINNESOTA	13,754,369	4,446,704	18,201,073	15,174,944	4,515,355	19,690,299	19,690,299	FY 95
MISSISSIPPI	1,054,449	38,062	1,092,511	1,388,258	327,172	1,715,430	1,715,430	FY 95
MISSOURI	9,729,924	3,846,699	13,576,623	12,594,890	3,953,865	16,548,755	16,548,755	FY 95
MONTANA	898,861	311,990	1,210,851	999,996	313,994	1,313,990	1,313,990	FY 95
NEBRASKA	5,315,551	1,183,447	6,498,998	5,184,990	1,241,808	6,426,858	6,498,998	FY 94
NEVADA	940,928	1,369,310	2,330,238	1,338,904	1,341,517	2,580,421	2,580,421	FY 95
NEW HAMPSHIRE	3,052,839	1,260,809	4,313,647	3,322,721	1,259,145	4,581,866	4,581,866	FY 95
NEW JERSEY	10,612,064	8,271,876	18,883,940	18,010,689	8,363,489	26,374,178	26,374,178	FY 95
NEW MEXICO	2,173,839	721,420	2,895,259	1,204,002	335,059	1,539,061	2,895,259	FY 94
NEW YORK	44,091,987	19,646,983	63,738,970	82,255,896	22,637,462	104,893,348	104,893,348	FY 95
NORTH CAROLINA	28,482,722	3,893,777	32,376,499	33,885,640	4,041,642	37,927,282	37,927,282	FY 95
NORTH DAKOTA	713,523	303,513	1,017,036	660,951	334,575	995,526	1,017,036	FY 94
OHIO	28,763,655	4,978,856	33,742,511	34,240,625	11,163,318	45,403,943	45,403,943	FY 95
OKLAHOMA	7,470,349	1,570,679	9,041,027	9,031,968	1,598,265	10,630,233	10,630,233	FY 95
OREGON	9,107,085	2,043,774	11,150,859	9,686,693	2,028,278	11,714,966	11,714,966	FY 95
PENNSYLVANIA	27,277,653	10,391,211	37,668,864	36,108,864	10,520,187	46,629,051	46,629,051	FY 95
PUERTO RICO								
RHODE ISLAND	4,175,718	725,363	4,901,081	4,487,953	833,173	5,321,126	5,321,126	FY 95
SOUTH CAROLINA	1,331,862	1,025,487	2,357,349	2,238,323	1,846,946	4,085,269	4,085,269	FY 95
SOUTH DAKOTA	538,498	193,124	731,622	499,933	302,981	802,914	802,914	FY 95
TENNESSEE	14,791,625	1,066,385	15,858,010	17,787,355	1,188,427	18,975,782	18,975,782	FY 95
TEXAS	22,395,561	8,137,922	30,533,483	24,685,203	9,996,218	34,681,421	34,681,421	FY 95
UTAH	3,369,148	974,813	4,343,961	3,458,189	1,016,734	4,474,923	4,474,923	FY 95
VERMONT	2,233,740	432,583	2,666,323	1,667,254	404,292	2,071,546	2,666,323	FY 94
VIRGIN ISLANDS								
VIRGINIA	11,539,775	5,434,562	16,974,337	13,736,575	7,592,187	21,328,762	21,328,762	FY 95
WASHINGTON	25,665,252	5,093,787	30,759,039	33,054,714	5,652,891	38,707,605	38,707,605	FY 95
WEST VIRGINIA	1,713,796	577,693	2,291,489	2,291,857	599,535	2,971,392	2,971,392	FY 95
WISCONSIN	7,937,693	3,810,807	11,748,500	12,564,404	3,885,002	16,449,406	16,449,406	FY 95
WYOMING	1,097,532	376,686	1,474,218	1,209,472	344,235	1,553,707	1,553,707	FY 95
TOTAL	499,577,950	222,622,840	722,200,790	668,334,260	213,107,139	881,441,399	881,441,399	

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Attachment D

CALCULATION OF MANDATORY CHILD CARE ALLOCATIONS

Mandatory Child Care allocations were computed based on amounts "required to be paid" to States for various fiscal years. These amounts consisted of claims by States for Federal reimbursement of expenditures for the AFDC/JOBS Child Care, Transitional Child Care, and At-Risk Child Care (ARCC) expenditures.

Grant Calculation

The Mandatory Child Care amount for each State is the greatest of:

- (A) the average of FY 1992-1994 payments¹;
- (B) FY 1994 payments,
- (C) FY 1995 payments.

(A) FY 1992-1994 Payments:

In calculating payment amounts for each fiscal year, ACF followed the statutory language in sections 418(a)(1) and 403(a)(1)(C)(IV) and (D)(i)(I), (D)(ii) and (D)(iii)(III). Section 403(a)(1)(C) defines the Federal share of expenditures "required to be paid" to States. ACF calculated FY 1992-1994 average payments using the Federal share of expenditures for AFDC/JOBS Child Care and Transitional Child Care. For the ARCC program, our initial allocations also reflected the Federal share of the expenditures as reported by States. However, the revised allocations are based on the Federal share of ARCC expenditures only up to the State's maximum grant for each fiscal year.

(B) FY 1994 and FY 1995 Payments:

FY 1994 and FY 1995 payments were calculated using the same methodology described above.

The attached page to Attachment D lists each State's maximum grant for FYs 1992 through 1995.

Data Sources

In computing the Mandatory allocations, we used data that were in

¹The term "payments" will be used to mean amounts that would have been "required to be paid" to the State based on the financial reports at that point in time. However, ACF may not have actually paid these amounts to a State due to possible deferrals and disallowances against claimed expenditures.

ACF's automated Management Information System (MIS). The data, entered into the MIS by ACF staff, were taken from the ACF-231 "Aid to Families With Dependent Children Program Financial Report," as required by the statute. The ACF-231 is a financial report filed quarterly by States.² The Federal share of expenditures reflect the amount of Federal reimbursement claimed by States and reported on the ACF-231. For AFDC/JOBS and Transitional Child Care, amounts also include any expenditures made by States in prior fiscal years that were not previously claimed. As open-ended entitlements, and with a provision permitting States to file claims up to two years after the quarter in which the expenditure was made, it was ACF's practice to use current fiscal year's funds to pay prior year claims. In the initial and revised Mandatory Child Care allocations, each fiscal year's data for AFDC/JOBS and Transitional Child Care included Federal payments made for these prior year claims.

Under the ARCC program, States were limited in their use of current year funds to pay for prior year expenditures because of the carryover feature of that program. To allow for carryover, we required that States report by May 1 of the following fiscal year expenditures that should be paid with prior year funds. Claims made to meet this deadline are referred to as "end-of-year" adjustments. The original calculations for each year did not include these adjustments because the data taken from ACF's MIS for those calculations did not include "end-of-year" adjustments. The revised calculations include them.

Below, we explain what data was missing in those calculations.

ARCC End-of-Year Adjustments

For the ARCC program, in order to determine the amounts that could be carried forward from one fiscal year to the next (i.e., to determine the maximum grant for the next fiscal year) and to finalize payments for the prior fiscal year, States were required to submit claims for expenditures no later than May 1 following the end of the first fiscal year. Claims made to meet the May 1 deadline were filed as "prior year claims" on the ACF-231 submitted for the current fiscal year. Thus, if an increasing claim (increasing adjustment) were made for expenditures for a prior fiscal year on the current year's report, ACF paid those claims with prior fiscal year funds if States had not exhausted the maximum grant amount for the prior year. If States had no funds available from the prior year, ACF paid those claims using the current year's maximum grant, provided these claims were filed by the May 1 deadline. (A discussion of the May 1 deadline

²The ACF-231 was used for all three child care programs for FYs 1992 through 1995. Beginning with FY 1996, a new ACF-233 was used for the ARCC program.

appears later in this document).

States could also submit decreasing claims (decreasing adjustments). A decreasing adjustment results in a reduction in the Federal payments made. These adjustments are made to correct prior claims.

We refer to this operation as "making end-of-year adjustments." As stated previously, errors occurred because the data taken from the MIS and used for the original calculations did not include these adjustments for each fiscal year. The revised Mandatory Child Care allocations include the "end-of-year" adjustments for each fiscal year, subject to the "as-of" dates, as explained below.

Dates

Section 403(a)(1)(D) of the statute provides cutoff, or "as-of" dates, of the financial data to be used by ACF in computing Mandatory Child Care allocations. They are:

FYs 1992 - 1994	April 28, 1995
FY 1995	February 28, 1996

These "as-of" dates correspond to the dates of the tables ACF provided Congressional Research Service as they analyzed Mandatory Child Care allocations under the various versions of the welfare reform bill. Since States have eight quarters to revise their financial reports and/or submit late claims for AFDC/JOBS and Transitional Child Care, the financial information reported by States to ACF is frequently revised. Because of the "as of" dates of the data written into the legislation, the Mandatory Child Care allocations do not change if a State submitted financial reports after the "as-of" dates. In order to calculate the Mandatory Child Care allocations, ACF used expenditure data generated from the MIS as of the dates in the statute.

The back-up data in Attachment C contain data that were contained in the ACF-231 financial report dated or received by ACF by the dates above.

For ARCC, States should note the following:

For each fiscal year, States were required to submit increasing and decreasing claims by May 1 of the following fiscal year to determine maximum grant amounts for the next fiscal year and to finalize payments for the prior fiscal year. The May 1 deadline for FYs 1992 and 1993 payments used in the calculation is unaffected by the April 28, 1995 requirement in the statute. However, for FY 1994, the May 1 deadline is superseded by the April 28, 1995 deadline in the

statute. For FY 1995 payments used in the calculation, the May 1 deadline was superseded by the February 28, 1996 deadline in the statute.

"End-of-year" adjustment claims, both increasing and decreasing, are subject to the April 28, 1995 and February 28, 1996 dates. The following examples explain how the revised Mandatory allocations were affected by these dates. Please note that "submitting or filing a claim" is synonymous with submitting the ACF-231 financial report.

Example 1 for Increasing Claims (or Adjustments) for Revised Mandatory Allocations:

Scenario A - If a State submitted an increasing claim for a prior fiscal year, e.g., on April 20, 1995 it submitted an increasing claim for FY 1994, payment was made with FY 1994 funds if the State had FY 1994 funds available, i.e., it had not already been paid up to its maximum grant level. This payment met the "as-of" date of April 28, 1995 so it was included in the calculation as a FY 1994 payment.

Scenario B - If, in this same example, the State had already received Federal payments up to its FY 1994 maximum grant level, ACF paid the claim with FY 1995 funds, provided the claim met the two year timely filing limit. Because this claim was submitted on a report dated or received prior to February 28, 1996, it met the FY 1995 "as-of" date and thus was included in the FY 1995 payments for the calculation.

Scenario C - If this same claim for FY 1994 had been submitted after the May 1, 1995 deadline but before February 28, 1996, the payment was not made with FY 1994 funds, even if the State had not reached its maximum grant level for FY 1994. If the State resubmitted a claim for these expenditures for FY 1995, FY 1995 funds were used to pay the claim, provided the claim met the two year timely filing limit. This claim, paid with FY 1995 funds, was included as a FY 1995 payment in the calculation.

Example 2 for Decreasing Claims (or Adjustments) for Revised Mandatory Allocations - (States were required, without deadline, to submit decreasing claims for incorrect payments such as child care overpayments. However, if the decreasing claim had not been submitted by May 1 of the following fiscal year, although the Federal payments made for that fiscal year would have been reduced, the State would not have been permitted to use that adjustment to carry over funds to the next fiscal year.)

Scenario A - If a State submitted a decreasing claim for a prior fiscal year, e.g., on April 20, 1995, it submitted a decreasing claim for FY 1994, FY 1994 payments were reduced.

This decreasing claim was taken into account to finalize FY 1994 payments and may have permitted a State to carry forward funds for FY 1995. Because it met the "as-of" date of April 28, 1995, it was used in the calculation for FY 1994 payments.

Scenario B - If this same decreasing claim for FY 1994 was dated or submitted on April 30, 1995, it was used to finalize FY 1994 payments and may have resulted in a carry over to FY 1995. However, it was not used in the calculation for FY 1994 payments because it was dated or received after the "as-of" date of April 28, 1995.

(ACF policies and procedures for paying ARCC claims were contained in Action Transmittal CC-ACF-AT-93-2, dated February 5, 1995.)

In reviewing the original Mandatory allocations, we detected some discrepancies between the data from the MIS and the data contained on the ACF-231 financial reports in grant files. Because the ultimate source of data must be the ACF-231, as required by statute, the Mandatory allocations were increased or decreased, based on expenditure data on the ACF-231.

Revisions to expenditure reports filed by States after the "as-of" dates do not affect the grant computation formula. Similarly, any deferrals or disallowances taken by ACF against reported expenditures do not affect a State's Mandatory Child Care allocation.

State MOE Levels

State MOE levels represent the State share of payments made for FY 1994 or FY 1995, whichever was greater. We used the same data sources and "as-of" dates used in the Mandatory allocations for determining these levels. State MOE levels have been revised as a result of the changes to the Mandatory allocations and, in some instances, as a result of our review of ACF-231 financial reports. States should also review the back-up data in Attachment C for determining MOE levels.

ACF Contacts

Joseph Lonergan and Bob Walters of ACF's Office of Program Support are available to answer any questions you may have and to provide you with additional information if needed. They will work with you to finalize the Mandatory allocations and MOE levels. Mr. Lonergan can be reached on (202) 401-6603; Mr. Walters can be reached on (202) 205-4618. You must contact them by August 27, 1997.

STATE	FY 92 MAX GRANT	FY 93 MAX GRANT	FY 94 MAX GRANT	FY 95 MAX GRANT
ALABAMA	7,873,649	4,691,783	4,625,507	4,978,261
ALASKA	1,615,810	847,233	903,270	858,575
AMERICAN SAMOA	149,152	147,670	144,919	143,232
ARIZONA	9,210,118	4,623,799	4,708,783	4,769,140
ARKANSAS	5,804,486	5,157,938	3,626,835	3,065,157
CALIFORNIA	73,183,767	37,895,518	55,250,579	39,048,236
COLORADO	8,103,910	4,320,051	4,061,715	4,137,017
CONNECTICUT	3,455,348	3,485,244	4,573,662	3,448,230
DELAWARE	776,832	770,155	771,617	777,801
DIST. OF COL.	1,354,794	647,894	536,943	526,758
FLORIDA	22,214,622	13,832,228	13,903,804	14,072,213
GEORGIA	9,209,198	7,985,700	10,960,229	15,080,219
GUAM	410,168	406,094	398,529	393,888
HAWAII	2,722,018	1,786,635	1,318,040	1,333,575
IDAHO	2,784,166	2,524,452	1,438,507	1,396,193
ILLINOIS	26,326,663	16,006,882	13,426,268	13,457,135
INDIANA	13,075,632	12,690,447	9,801,278	7,432,674
IOWA	5,497,279	3,225,815	3,176,853	3,113,742
KANSAS	5,869,342	3,051,511	5,162,425	2,972,308
KENTUCKY	8,588,652	4,551,002	4,108,845	4,142,395
LOUISIANA	11,807,842	11,423,408	10,927,213	10,757,390
MAINE	2,734,448	2,516,715	1,335,153	1,317,800
MARYLAND	5,363,247	5,539,284	5,562,252	5,561,797
MASSACHUSETTS	6,121,434	6,287,443	6,239,983	6,225,960
MICHIGAN	21,999,876	22,139,520	14,727,552	10,869,187
MINNESOTA	10,490,336	5,426,536	5,358,597	5,358,590
MISSISSIPPI	6,910,696	6,750,042	6,503,994	6,280,891
MISSOURI	7,313,089	6,021,795	5,926,418	5,893,869
MONTANA	2,013,548	1,154,460	1,761,383	1,191,492
NEBRASKA	3,352,352	1,957,640	1,929,249	1,894,162
NEVADA	2,610,154	1,898,492	1,533,983	1,712,802
NEW HAMPSHIRE	2,507,951	1,290,444	1,260,808	1,259,145
NEW JERSEY	16,580,698	8,299,429	8,271,876	8,363,489
NEW MEXICO	4,238,394	2,580,343	2,071,535	2,097,381
NEW YORK	19,930,396	19,699,196	19,646,983	19,728,105
NORTH CAROLINA	9,166,615	9,681,297	7,274,110	7,411,014
NORTH DAKOTA	1,677,956	1,615,894	748,042	735,380
OHIO	24,782,150	12,598,496	12,333,962	17,234,844
OKLAHOMA	7,818,034	3,762,289	3,733,875	3,738,179
OREGON	5,029,527	3,353,505	3,351,616	3,360,346
PENNSYLVANIA	25,616,804	12,681,287	12,501,961	12,484,814
PUERTO RICO	10,801,068	10,693,759	10,494,567	10,372,405
RHODE ISLAND	2,112,982	1,046,000	1,040,801	1,237,067
SOUTH CAROLINA	8,588,652	4,174,411	4,796,764	5,716,004
SOUTH DAKOTA	1,816,942	1,642,086	1,423,295	1,347,639
TENNESSEE	11,186,378	11,022,204	10,785,690	8,662,282
TEXAS	40,178,017	30,058,603	22,556,425	30,808,028
UTAH	3,744,329	5,209,242	2,825,628	2,817,105
VERMONT	646,324	658,187	636,844	627,591
VIRGIN ISLANDS	372,880	369,176	362,299	358,081
VIRGINIA	13,535,516	6,963,039	7,127,919	8,507,681
WASHINGTON	8,935,413	5,997,425	6,037,741	6,117,344
WEST VIRGINIA	4,002,238	3,839,123	1,801,604	1,760,839
WISCONSIN	9,519,095	5,891,993	5,829,483	5,781,588
WYOMING	1,267,780	798,280	719,477	582,872
TOTAL	522,998,777	363,489,094	352,337,690	343,319,912

(1) THESE AMOUNTS REFLECT STATES TOTAL AUTHORIZATIONS FOR THE AT-RISK PROGRAM FOR THE INDICATED YEAR. CALCULATIONS IN OTHER CHARTS REFLECT WHAT WAS ACTUALLY PAID TO STATES FOR A GIVEN YEAR FOR THE AT-RISK PROGRAM.

Attachment E

Child Care Allocation Adjustments
Questions and Answers

Q. Why did it take ACF so long to notify States of these changes?

A. PRWORA is a wide-ranging, complex piece of legislation. We have had to implement many provisions, affecting several programs, including the child care programs. Implementation of the TANF program itself required significant time and resources. As you know, even though PRWORA was signed on August 22, 1996, Mandatory and Matching Child Care grants had to be issued by October 1, 1996 to enable States to sustain their child care programs. We then focused on other necessary implementation steps for TANF, child care, the child support enforcement program, and other funding initiatives while still managing a wide variety of other Federal grant programs. Unfortunately, these subsequent implementation activities worked against our early detection and resolution of the problems, and our notification to you.

Q. Will we be given sufficient time to review our financial reports to ensure that we are getting correct amounts?

A. As our letter indicates, you will have 3 weeks from the date of the letter to notify us of any problems and to submit the documentation to verify your position. We think this is sufficient time for you to detect any problems and for us to make necessary adjustments to your allocations and the allocations for other States by the beginning of FY 1998.

We expect that you will have many questions. We encourage you to call the ACF contacts before August 25, 1997 so that we can quickly resolve any problems.

Q. Will there be any changes to the current requirements of the Mandatory and Matching Child Care Funds as a result of these changes in FY 1998 and beyond?

A. There will be no changes to the requirements of the Mandatory and Matching Child Care Funds. For example, the 5 percent limit on administrative costs, the 4 percent requirement on quality activities, and the obligation and liquidation requirements are in effect on the adjusted amounts as if these revisions had not occurred.

Q. Will the administrative cost and quality requirements be based on the amounts we actually receive in FY 1998, i.e., the amounts based on corrected data and corrections for FY 1997 overpayments/underpayments?

A. Yes. The statute provides that these requirements apply to the amounts available to the States for the fiscal year.

Q. How will the reallocation of Matching Child Care funds be affected by the reductions in Mandatory allocations?

A. Reallocation should not be affected. After FY 1997 has ended and States have reported any amounts of Matching Child Care funds that they have not obligated, those funds will be redistributed to States that apply for them.

Q. Will our grants for October 1, 1997 be delayed because of these problems?

A. Subject to apportionment from OMB, ACF plans to issue Mandatory and Matching Child Care grants on October 1, 1997. Under current policy, States can receive no more than 35 percent of their Mandatory allocations and 35 percent of their Matching allocations for the first quarter of FY 1998.



Administration for Children & Families

Facsimile from:

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Administration on Children, Youth and Families
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Date: 7/25

This transmission consists of this cover page plus 2 pages.

To: <u>Cynthia Rice</u>	From: <u>Jean Lombardi</u>
Phone:	Phone: <u>401-6947</u>
Fax: <u>456-7431</u>	Fax: 202.690.5600

Message:

Background on Fiscal Issue

ATTACHMENT

Background Information

The following background information may be helpful in understanding the current situation. The Mandatory CC allocations are based on historical Federal expenditures for AFDC/JOBS Child Care, Transitional Child Care and At-Risk Child Care. As shown in the section above entitled "Current Law," States are to receive an amount equal to the greatest of three amounts. The three amounts are the Federal child care payments for either the average of FYs 1992-1994, for FY 1994 or for FY 1995. The statute provides that ACF use the "total amount required to be paid to the State," as reported on the ACF-231 (the AFDC and child care financial report). For the average of FYs 1992-1994 and FY 1994, ACF must use data submitted by April 25, 1995; for FY 1995, they must use data submitted by February 28, 1996.

Here is an explanation of how the use of the inappropriate data was identified and why inappropriate data was used in the first place. Since enactment of PRWORA last August, ACF has been reviewing its files to ensure that allocation amounts for TANF and child care are accurate. Initial TANF and child care allocations were based on State-reported claims data in ACF's Management Information System (MIS) as of April 28, 1995 for FYs 1992-1994 and February 28, 1996 for FY 1995. Data in the MIS change continually as States submit revised expenditure reports (i.e., claims). In addition, the MIS data base was not designed to produce the kind of data needed for TANF and Child Care allocations. Validating the MIS data against paper records and PRWORA requirements is a time-consuming, labor-intensive process. Because the funding for TANF is far greater than that for Child Care, ACF validated TANF data first. ACF has just recently completed its validation of Child Care data.

* Revisions to the Mandatory CC allocations are necessary because the expenditure amounts used for the At-Risk Child Care (ARCC) program were inaccurate. (The expenditure amounts used for AFDC/JOBS and Transitional Child Care were validated as accurate.) There are two primary reasons that inaccurate At-Risk Child Care data was used:

First, the allocations used amounts claimed for ARCC: for some States claims exceeded amounts to which States were entitled (i.e., the "amount required to be paid"). The standard operating procedure for ARCC claims was to enter the actual amount of the State's claim into the MIS data base. However, if the amount claimed was higher than the State's maximum ARCC entitlement, then the MIS system just used the maximum amount. ACF downloaded from the MIS claim data for all three of the prior Title IV-A child care programs. This data was used to generate child care allocations for the new program. For some unknown reason, in the ARCC program a number of States reported claims greatly in excess of the maximum amounts they were entitled to receive. For States whose claims were higher than the maximum in the ARCC program, ACF inappropriately used the higher claimed amounts instead of the

maximums. As amounts in excess of States' ARCC allocations are not "amounts required to be paid," their inclusion in PRWORA child care allocations was inappropriate. No such problem occurred in the AFDC/JOBS child care program or the transitional child care program since there was no maximum grant amount limitation in either of these programs.

Second, data that a few States had submitted timely had not been included in the Management Information System (MIS) database or had been included incorrectly in the MIS.