THE COSTS OF
FEDERAL CHILD CARE
ASSISTANCE

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April 20, 1988

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As Congress debates the various child care proposals before it, the conventional wisdom is that the federal role in child care ceased when President Nixon vetoed the Child Development Act of 1971, with interest in the issue being revived only recently. In the Washington Post, for example, Ellen Goodman wrote recently, "From then on . . . the government was committed to neglect. Child care had all but disappeared from the federal agenda."¹

Not so. Over the last 15 years, federal child care assistance has more than doubled. By our estimates, the costs of federal child care assistance—through income tax deductions and credits, child care and early education programs, and welfare and job training programs—rose from $1 billion in fiscal 1972 to about $6.2 billion in fiscal 1987, Accounting for inflation, that's a real increase of 127 percent. By 1989, expenditures will approach $8 billion, another 24 percent rise in just two years.

Tax Policy

The most significant child care subsidy is accomplished through three tax provisions. At nearly $3.5 billion in fiscal 1987,² the largest of these is the Child and Dependenc


²No direct funding is provided for this program. Figure is the estimated tax revenue loss associated with the credit. Executive Office of the President, Office of Management and Budget, Special Analyses. Budget of the United States Government. Fiscal Year 1989 (1988), p.G-43 (hereinafter Special Analyses. Budget of the United States Government.
Care Tax Credit, which may be claimed by parents for eligible employment-related child and dependent care expenses.

Expenses up to a maximum of $2,400 for one dependent and $4,800 for two or more dependents are eligible. For taxpayers with incomes of $10,000 or less, the credit is 30 percent of qualified expenditures; the credit is then reduced by one percentage point for each $2,000 of income between $10,000 and $28,000. For taxpayers with incomes above $28,000, the credit is 20 percent of qualified expenditures.\(^3\)

In 1985, approximately 8.4 million tax returns claimed $3.1 billion in child care credits, an average credit of $372. The House Ways and Means Committee has estimated that in 1988, a total of $4 billion in child care credits will be claimed on approximately 9.6 million returns, an average credit of $419.\(^4\)

The lesser-known Employer-provided Child or Dependent Care Services Tax Credit is intended to provide an incentive for employers to provide child care benefits to their employees. Enacted in 1981, it creates a tax shelter for up


\(^4\)Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1988 Edition, supra note 3 at p.615, Table 12.
to $5,000 in child care expenses if the employer—rather than
the parent—pays for, or provides, the child care.\textsuperscript{5} The
estimated revenue loss from this credit: $30 million in
fiscal 1987.\textsuperscript{6}

The use—and therefore the budget cost—of both of these
tax credits are expected to increase dramatically over the
next two years. According to the estimates provided by the
Office of Management and Budget, the cost of the Child and
Dependent Care Credit is expected to rise to over $4.5
billion, a $1 billion or 24 percent increase.\textsuperscript{7} For the same

\textsuperscript{5}Stephan, S. and Schillmoeller, S., "Child Day Care:
Selected Federal Programs" (April 7, 1987), Library of
Congress, Congressional Research Service, p.CRS-14
(hereinafter "Child Day Care: Selected Federal Programs").

\textsuperscript{6}Special Analyses. Budget of the United States
Government. Fiscal Year 1989, supra note 2 at p.G-43. Other
estimates are much higher. For instance, for fiscal 1986,
the Joint Committee on Taxation estimated a revenue loss of
$110 million ("Child Day Care: Selected Federal Programs,
supra note 5 at p.CRS-13). However, for the same year, OMB
placed it at $40 million (Executive Office of the President,
Office of Management and Budget, Special Analyses. Budget of

\textsuperscript{7}Special Analyses, Budget of the United States
Estimates do vary. The House Ways and Means Committee
anticipates the costs of this credit to rise to $3.5 billion
by fiscal 1989 (U.S. House of Representatives, Committee on
Ways and Means, Background Material and Data on Programs
Within the Jurisdiction of the Committee on Ways and Means:
1987 Edition (March 6, 1987), p.588, Table 6) (hereinafter
Background Material and Data on Programs Within the
Jurisdiction of the Committee on Ways and Means: 1987
Edition). The Congressional Budget Office's estimates are
higher—$4 billion for fiscal 1989 (U.S. Congress,
Congressional Budget Office, The Effects of Tax Reform on Tax
Expenditures (March 1988), p.48, Table A-1 (hereinafter The
Effects of Tax Reform on Tax Expenditures).
period, the cost of the Employer-provided Child or Dependent Care Tax Credit is expected to jump five-fold, totaling $150 million in fiscal 1989.\(^\text{8}\)

Another federal tax provision that supports child care is the exemption for nonprofit child care centers. This provision exempts nonprofit centers from paying income taxes, and enables them to receive tax-deductible contributions. The estimated annual revenue loss from this provision is almost $3 million.\(^\text{9}\)

**Specific Child Care/Early Education Programs**

Seven federal programs are devoted exclusively to child care, early education, or related services, at an annual cost of about $1.9 billion. The largest of these programs is Head Start, which spends $1.1 billion per year on local preschool programs for low-income children.\(^\text{10}\) Head Start serves about

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\(^\text{8}\)Special Analyses. Budget of the United States Government. Fiscal Year 1989, supra note 2 at p.G-43. Estimates vary. The House Ways and Means Committee has placed the expected revenue loss associated with the Employer-provided Child Care Tax Credit in fiscal 1989 at $100 million (Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1987 Edition, supra note 7 at p.587, Table 5). A more recent estimate from the Congressional Budget Office puts it at $200 million (The Effects of Tax Reform on Tax Expenditures, supra note 7 at p.48, Table A-1).


a half-million children.\textsuperscript{11} The Child Care Food Program ($551 million)\textsuperscript{12} and the Special Milk Program ($4 million)\textsuperscript{13} provide milk, food, and money to day care providers for an estimated 1.1 million low-income children daily.\textsuperscript{14}

The Secretary of Labor's Task Force on child care has also identified the Summer Food Service Program for Children as a federal child care program, with annual expenditures totaling $160 million.\textsuperscript{15} This program provides cash and commodities for schools and public or private nonprofit residential camps serving low-income children during the summer months. We have not included this in our estimates because it lacks a specific child care/early education component.


\textsuperscript{12}Appendix. Budget of the United States Government. \textit{Fiscal Year 1989}.

\textsuperscript{13}Child Care. \textit{A Workforce Issue}, \textit{supra} note 9 at p.22. Other estimates are far lower. According to a Congressional Budget Office estimate based on unpublished Food and Nutrition Service data, expenditures are about $0.3 million.

\textsuperscript{14}Figure for fiscal 1986. "Child Day Care: Selected Federal Programs," \textit{supra} note 5 at pp.20-21.

\textsuperscript{15}Child Care. \textit{A Workforce Issue}, \textit{supra} note 9 at p.20.
The Department of Education also supports preschool programs for handicapped children by providing states with about $178 million in grants under the Special Education and Rehabilitative Services program.\textsuperscript{16} Because of the specialized needs of this program's beneficiaries, some observers are reluctant to characterize it as a child care program.\textsuperscript{17} Nevertheless, the program is geared specifically to three-to-five-year-old children. Moreover, if such a limited view were adopted, Head Start would be a poverty program, not a child care/early education one.

Another $11 million provides less direct support for child care programs. Under the Dependent Care Planning and Development Program, the Department of Health and Human Services (HHS) makes grants totaling up to $5 million per year to the states for child care services before and after school and for the development of local child care information and referral services.\textsuperscript{18}

Another $5 million in demonstration grants is available under Title II of the Children's Justice Act; these grants


\textsuperscript{17}The program is not designated as a federal child care program, for example, by the Secretary of Labor's Task Force on Child Care.

are intended to help public and private agencies fund
temporary, nonmedical child care services to handicapped and
terminally ill children and crisis nurseries for abused and
neglected children. Because this is a crisis intervention
program and not ordinary, supervisory child care, we have not
included it in our final estimates.

Through the Child Development Associate Scholarship
Program, HHS makes up to $1 million in grants to states for
scholarships to needy candidates for the child development
associate credential.

The federal government also supports the private
sector's provision of child care through the various credit
programs of the Small Business Administration (SBA). In
fiscal 1988, the SBA is expected to provide about $19 million
in various types of loans—direct, disaster, and guaranteed—to providers of child care. The SBA acts primarily as a
guarantor, guaranteeing private loans to small businesses;
about 98 percent of all child care loans were of this type.
Because most loans are repaid, it is not possible to

\[19\] Appropriation for fiscal 1988 is $4.8 million. See
Stephan, S., "Child Day Care: Issues and Legislation in the
100th Congress" (March 22, 1988), Library of Congress,
Congressional Research Service, p.CRS-14 (hereinafter "Child
Day Care: Issues and Legislation in the 100th Congress").

\[20\]Appendix, Budget of the United States Government,

\[21\]"Child Day Care: Selected Federal Programs," supra
note 5 at p.CRS-25.

\[22\]Child Care, A Workforce Issue, supra note 9, at p.49.
determine net costs to the SBA. Therefore, we have not
included them in our final estimates.23

Welfare and Job Training—Child Care Expenses

The various federal welfare and job training programs
are another major source of direct and indirect funding for
child care services. In the welfare area, for instance, the
two major federal programs—Aid to Families with Dependent
Children (AFDC) and Food Stamps—subsidize child care
indirectly by allowing recipients to deduct child care
expenses from their income when determining eligibility.
These policies, which are designed to encourage work and
self-sufficiency, cost the federal government an estimated
$94 million in fiscal 1987.24

23Another $0.3 million in loans are expected to be made
through the SBA's Small Business Investment Company (SBIC)
Program. SBICs are SBA-licensed private investment firms
that borrow portions of their capital from the federal
government at favorable rates. The Department of Labor
reports that SBIC involvement with child care providers is
growing rapidly (ibid., p.50).

24Estimated total cost of the Food Stamps child care
deduction is $50 million. Congressional Budget Office,
unpublished analysis of Food and Nutrition Service data
(1988). See also Child Care: A Workforce Issue, supra note 9
at p.21.

Estimated total cost of the AFDC child care deduction
is $44 million. Calculated by authors using the following
data. Out of an average monthly caseload of 3.5 million AFDC
families in fiscal 1983, about 1 percent had child care
expenses deducted from their earnings. The average monthly
amount of child care expense deducted in fiscal 1983 was
about $96 ("Child Day Care: Selected Federal Programs,"
supra note 5 at p.CRS-16). Assuming program participation
was essentially the same in fiscal 1987, 38,000 families, or
Similar child care deductions are also allowed under two federal housing assistance programs: (1) the Public and Indian Housing Program, and (2) the Section 8 Housing Program, which provides rent vouchers to make private housing affordable for low-income families. Both programs deduct child care expenses from family income when determining participants' rent copayment. In fiscal 1988, an estimated 210,000 families with 480,000 children are expected to deduct child care expenses, at a cost of $18 million.\textsuperscript{25}

The Work Incentive Program (WIN) seeks to reduce welfare dependency by providing money to states to help AFDC recipients find and retain jobs. States are required to provide child care services to WIN participants who need them. In fiscal 1987, these services cost the federal government an estimated $12.6 million.\textsuperscript{26}

\textsuperscript{25} Child Care. A Workforce Issue, supra note 9 at p.42.

As part of its overall strategy for training economically disadvantaged individuals and dislocated workers, the federal government provides money to states for child care services and subsidies within broad-based employment programs. Local programs funded under the Job Training Partnership Act (JPTA) spend over $9 million for child care supportive services and subsidies.\textsuperscript{27}

There are child care components in four JPTA-funded programs. Under Title II-A, which authorizes grants to states for job training for the economically disadvantaged, expenditures for child care—about $6 million—go to training program participants as child care workers or to providing them with child care services.\textsuperscript{28} Title IV authorizes funding for job placement programs geared specifically to farm workers; an estimated $3 million goes to child care expenditures.\textsuperscript{29} The Job Corps (Title IV-B), which funds training for economically disadvantaged youths, spends about $0.3 million for child care.\textsuperscript{30}

To help displaced workers readjust to changing economic

\textsuperscript{27}Child Care. A Workforce Issue, supra note 9 at pp.44–47.

\textsuperscript{28}Ibid., p.44.

\textsuperscript{29}Ibid., p.46.

\textsuperscript{30}Ibid., p.47.
circumstances, the Dislocated Workers Program (Title III) provides them with employment and training services, as well as supportive services such as child care. Child care assistance, generally provided through reimbursement, is estimated at $0.2 million.\textsuperscript{31}

The Department of Education also supports child care through its Office of Vocational and Adult Education. Basic grants to the states permit them to spend on child care for participants in local vocational education programs. However, states devote only a fraction of these funds to child care—just over $1 million out of a total budget of around $800 million.\textsuperscript{32}

A renewed emphasis on such job training programs was a major component of all major welfare reform proposals put forth in Congress in 1987, with special attention to the needs of female-headed families. If single mothers on welfare are to become self-sufficient, they will need to work; and if they are to work, someone will have to mind their children.

In its original form, Representative Downey’s "Family Welfare Reform Act of 1987" would reimburse mothers for their child care costs for up to six months after they get jobs and

\textsuperscript{31}\textit{Ibid.}, p.45.

\textsuperscript{32}Estimate based on an unpublished survey of state spending for 1985. Office of the Secretary, Department of Education. See also \textit{Child Care. A Workforce Issue}, supra note 9 at p.27.
leave the welfare rolls. To qualify for reimbursement, though, child care would have to be licensed. In 1987, the Congressional Budget Office (CBO) estimated the costs of this provision alone at $835 million over 5 years.\textsuperscript{33}

It is important to note, however, that when the bill passed the House in November 1987, it included up to 12 months of transitional child care assistance for families who left welfare because of increased earnings. CBO estimates that this new provision would cost $550 million over five years.

CBO estimates that a similar transitional child care provision in Senator Moynihan's "Family Security Act of 1987" would cost about $75 million in its first year and rise to about $115 million after the second year.\textsuperscript{34}

Representative Michel's "AFDC Employment and Training Reorganization Act of 1987," a Republican alternative to Democratic welfare reform proposals, would provide funds to establish employment and training programs, including transitional child care and transportation assistance. To maximize the states' flexibility, however, the bill would let

\textsuperscript{33}The bill would also increase the amount of child care expense exemptions for AFDC and Food Stamps—at an annual cost of $4-6 million. Congressional Budget Office, "Estimated Cost to the Federal Government of H.R. 1720 as Amended" (June 17, 1987), p.3.

\textsuperscript{34}The Moynihan bill would provide child care reimbursement for up to nine months after leaving welfare. Congressional Budget Office, "Estimated Cost to the Federal Government of Moynihan Bill" (preliminary)(July 14, 1987), p.2.
states decide how they should spend the money. As a result, specific CBO estimates on the costs of child care provisions are not available.\textsuperscript{35}

**Student Financial Aid—Child Care Expenses**

A number of federal financial aid programs for students base the size of individual grants upon the cost of school attendance, which, beginning in 1988, may include reasonable child care expenses.\textsuperscript{36} Data on the costs of this new child care provision are not available for most of these programs, but estimates provided by the Department of Labor indicate that child care will add an estimated $65 million to total expenditures for the Pell Grants program, which provides grants for low-income students.\textsuperscript{37}

**Social Services/Community Development Funding**

Besides the programs described above, some portion of an

\textsuperscript{35}In its first year, the costs of the overall employment and training program would be $234 million, rising to nearly $500 million by the fifth year. Congressional Budget Office, "The Estimated Costs to the Federal Government of H.R. 3200" (preliminary) (September 22, 1987), p.1.

\textsuperscript{36}Programs include Pell Grants, Supplemental Education Opportunity Grants, Work-Study, the Perkins Loan Program, the Income-Contingent Loan Program, the State Student Incentive Program and the Guaranteed Student Loan Program. See Child Care. A Workforce Issue, supra note 9 at p.27 and p.29.

\textsuperscript{37}Ibid., p.27.
additional $6 billion\textsuperscript{36} in social services and child welfare grants and community development grants is available for child care services. Unfortunately, the structure of these programs—block grants to the states—makes it difficult to determine with any degree of certainty just how much money is involved.

Consider the largest of these programs—the Social Services Block Grants (Title XX). In fiscal 1987, over $2.7 billion\textsuperscript{39} was given to the states to provide a full range of social services—at the states' discretion; there are no requirements as to how the states should apportion the money. To enhance states' flexibility further, there are also no detailed record-keeping requirements on how these funds are used or whom they benefit. Thus, there are few data on how much Title XX money is spent by the states on child care.\textsuperscript{40}

\textsuperscript{36}Programs include Social Services Block Grants; Community Development Block Grants; Community Services Block Grants; and the Area Economic and Resource Development Program. Child welfare grant programs include Child Welfare Services; the Child Welfare Training Program; Indian Child Welfare Grants; and Child Welfare Research and Demonstration Projects. For a description of child care-related activities, see "Child Day Care: Selected Federal Programs," supra note 5 at pp.CRS-6-26. For budget information, see Appendix. Budget of the United States Government. Fiscal Year 1989, supra note 10 at pp.I-K35-37 and I-M22.


\textsuperscript{40}Ultimately, the extent to which states pay for child care through Title XX—or any other federal block grant—is not terribly relevant. A state has a certain amount of money with which to pay for social services, with funds coming from federal, state, and local sources. How a state chooses to allocate this money—and from what sources it funds
The Department of Labor reports that $660 million (24 percent) of Title XX spending supports child care. From a recent survey of state child care spending, the Department of Health and Human Services estimated that combined state and federal spending on child care totals $1.1 billion per year. Thus, assuming a standard two-thirds federal share, total federal spending could be as high as $726 million per year, or about 27 percent of total Title XX spending.

States and communities spend an estimated $30 million on child care using money from Community Development Block Grants (CDBG), which are designed to stimulate community development in low- to moderate-income communities. CDGB particular activities—do not change the total amount of funds available for social services.

Like all money, Title XX funds are fungible, or interchangeable; if a state chooses to spend all of its federal money on child care, that doesn't necessarily mean that it's spending a lot of money on child care relative to other states. It does mean that the state would have to "charge off" all other social services to state and local sources—essentially an accounting decision.

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41Child Care. A Workforce Issue, supra note 9 at p.31.

42Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services.

43Other estimates are lower. Kahn and Kamerman, for instance, put Title XX spending on child care for fiscal 1986 at $387 million, or about 15 percent of total Title XX spending for that year. See Child Care: Facing the Hard Choices (Dover, MA: Auburn House Publishing Company, 1987), Table 1.8.

funds may be used to construct new child care facilities, to
rehabilitate existing facilities, or simply to provide child
care services. The $30 million in child care expenditures
constitutes about 1 percent of total CDBG spending. In 1987,
Congress appropriated an additional $5 million in
demonstration grants for child care programs within low-
income public housing projects.45

Federal Employee Child Care Benefits

The federal government also supports child care by
providing child care services to federal employees—civilian
and military. The Department of Defense spends over $69
million annually to subsidize child care for the dependents
of armed forces personnel. Worldwide, about 412 military
installations serve an estimated 90,000 children through 518
child care centers.46 The General Services Administration
also spends about $1 million a year on child care centers in
federal work places.47 Since these expenditures are more
akin to employee benefits than to a generalized child care
subsidy, they are not included in our final estimates.

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45"Child Day Care: Issues and Legislation in the 100th
Congress," supra note 19 at pp.CRS-11-12.

46Child Care. A Workforce Issue, supra note 9 at p.25.

The federal government currently has a broad range of programs and subsidies that support child care, directly or indirectly. Perhaps these programs are not as substantial as child care advocates would like them to be, but they are substantial nevertheless, as table 1 illustrates.

Moreover, federal support of child care has been expanded substantially since the early 1970s, with the costs of these programs and subsidies rising from about $1 billion in fiscal 1972 to over $6.2 billion in fiscal 1987. Accounting for inflation, that's a real increase of 127 percent. (See table 2.)

Poor and lower-income families, however, have not been the main beneficiaries of this increased federal spending. During this period, spending on programs such as Head Start, the Child Care Food Program, Social Services (Title XX) block grants, and the child care associated with most federal welfare and job training programs rose from about $800 million to about $2.7 billion, which is only a 27 percent increase after inflation.

The other $3.5 billion in federal child care costs is attributable to the two income tax credits, the Child and Dependent Care Credit and the Employer-provided Child Care or Dependent Services Credit.

The Child Care Credit dates back to 1954, when it was a limited deduction. After successive liberalizations of the
deduction in the 1960s and early 1970s, Congress made it a credit in 1976. But the real increases in its cost have come only in the last fifteen years: from $224 million to $3.5 billion, an after-inflation jump of a whopping 479 percent. The 1989 cost is projected to be another $1.1 billion dollars higher, a 31 percent rise in just two years. CBO estimates show continuous increases into the early 1990s, with a cost approaching $5 billion by 1993.48

The Employer-provided Child or Dependent Care Services Tax Credit is growing even faster—from $30 million in 1987 to a projected $150 million in 1989—a fivefold increase in only two years. Moreover, CBO projects that the costs of this credit will also continue to rise into the next decade, approaching $1 billion by 1993.49

Perhaps the child care issue has been off the "federal agenda" since 1972, but, behind the scenes, federal subsidies have more than doubled. This increase, however, came almost entirely in the area of tax credits, which largely benefits middle-class families—not low-income ones. Tax credits do not benefit poor or lower-income families, which hardly pay taxes in the first place. In 1983, for example, less than 1 percent of tax credit benefits went to families with adjusted gross incomes below $10,000, and only 16 percent to families

48 The Effects of Tax Reform on Tax Expenditures, supra note 7 at p.48, Table A-1.

49 Ibid.
with adjusted gross incomes below $15,000.\textsuperscript{50}

Thus, the last decade and a half has witnessed a sharp reversal in the beneficiaries of federal child care assistance. In 1972, nearly 80 percent of federal expenditures benefited low-income families; now, about half do. (See figure 1.)

Unfortunately, the major bills now before Congress—Senator Dodd's "Act for Better Child Care Services" ("ABC")\textsuperscript{51} and Senator Hatch's Child Care Services Improvement Act\textsuperscript{52}—would go a long way toward ratifying the trend toward greater middle-class subsidies.

The ABC bill, for example, would provide support to families earning up to 115 percent of the median income.\textsuperscript{53} Nationally, that would be about $34,000, but ABC sets eligibility by state median incomes, so that many states would have considerably higher caps: $39,530 in Illinois, $39,920 in the District of Columbia, $41,656 in California,

\textsuperscript{50}Steurle, E. and Wilson, P., "The Taxation of Poor and Lower-income Workers," Tax Notes (February 16, 1987), p.706. For 1985, the House Ways and Means Committee has reported that 6 percent of benefits went to persons with adjusted gross incomes below $10,000, though the distribution of benefits within $10,000-20,000 adjusted gross income class was substantially unchanged. (Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means: 1988 Edition, supra note 3 at p.615).


\textsuperscript{52}S.2084/H.R.4002, 100th Cong., 2nd Sess. (1988).

\textsuperscript{53}S.1885, supra note 51 at sec.18.
and $44,941 in Massachusetts, for example. Moreover, the bill does not guarantee low-income families a minimum percentage of appropriated funds; it merely requires that state plans "give priority for services to children with the lowest family incomes." The Hatch bill has no income cap.

Perhaps child care should be universal—available to all families, regardless of their income—like public schools. But that is an eventual question, as is the proper role of the federal government in establishing such a system. For now, in this era of Gramm-Rudman-Hollings, when programs for the disadvantaged are under the gun, it is simply wrong to funnel scarce federal dollars—in increasing amounts and proportions—to middle-class families who need them less. Priority should be given to families in greatest need.


55 S.1885, supra note 51 at sec. 7 (11)(B)(i).
Table 1: The Estimated Costs of Federal Child Care Programs and Tax Credits: 1972-1989
(Fiscal years, millions of dollars)

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<td><strong>Student Financial Aid--Child Care Expenses</strong></td>
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<td>Pell Grants</td>
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<td>Other Programs</td>
<td>...</td>
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<td>...</td>
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<tr>
<td><strong>Social Services/Community Development Funding</strong></td>
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<tr>
<td>Social Services Block Grants (Title XX)</td>
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<td>600</td>
<td>660</td>
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<td>Community Development Block Grant</td>
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<td>...</td>
<td>30</td>
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<td>Child Welfare Programs $n</td>
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<td>...</td>
<td>...</td>
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<td>Area Economic and Resource Development Program</td>
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<td>...</td>
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<td><strong>Total</strong></td>
<td>$1,010+</td>
<td>$2,770+</td>
<td>$6,202+</td>
<td>$6,900+</td>
<td>$7,671+</td>
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*a* For reasons described at various points in the text, not all federal programs related to child care are included here.

*b* Figures for 1972 is estimated revenue loss associated with Child and Dependent Care tax deduction for 1972.

*c* Credit was not established until 1981.

*d* Exemption took effect in 1984.

*e* Program was not established until 1986.

*f* Estimates for 1972 and 1980 are not available.

*g* Program was not established until 1986.

*h* Estimates for 1972 are not available.

*i* Estimates for 1972 and 1980 are not available.

*j* Program was not established until 1982.

*k* Child care expenses first allowed in 1988.

*l* For list of programs, see note 38; estimates for 1988 and 1989 are not available.

*m* Established in 1975; estimates for 1980 are not available. Estimates for 1988 and 1989 include appropriations from Housing and Community Development Grants (see note 45).

*n* For list of programs, see note 36. Estimates for 1972 and 1980 are not available.

*o* Estimate for 1972 is not available; estimates for 1987-1989 are less than $500,000.
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<th></th>
<th>1972</th>
<th>1980</th>
<th>1987</th>
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<td>$956</td>
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<tr>
<td>1987 dollars</td>
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<td>(1,310)</td>
<td>(3,508)</td>
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<td>212</td>
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<td>1987 dollars</td>
<td>(316)</td>
<td>(290)</td>
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<td><strong>Social Services/Community Development Funding</strong></td>
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</tr>
<tr>
<td>current dollars</td>
<td>261</td>
<td>611</td>
<td>690</td>
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<tr>
<td>1987 dollars</td>
<td>(705)</td>
<td>(837)</td>
<td>(690)</td>
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<tr>
<td><strong>Total</strong></td>
<td>$1,010</td>
<td>$2,770+</td>
<td>$6,202+</td>
</tr>
<tr>
<td></td>
<td>($2,728)</td>
<td>($3,795+)</td>
<td>($6,202+)</td>
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</tbody>
</table>
ESTIMATED COST OF FEDERAL CHILD CARE PROGRAMS AND TAX CREDITS (1972–89)

Figure 1

LEGEND

- TAX EXPENDITURES
- PROGRAM EXPENDITURES
- TOTAL EXPENDITURES

Estimated Cost in Billions (1987 dollars)

Year