

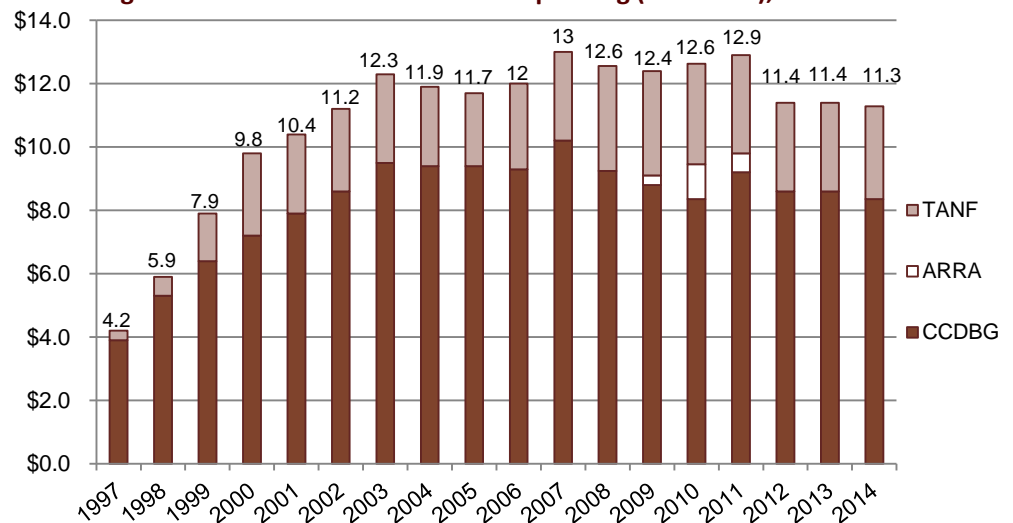
CCDBG Reauthorization: An Opportunity to Seize

The Child Care and Development Block Grant (CCDBG) is the primary source of federal funding for child care subsidies for low-income families and to improve child care quality for all children. Quality child care enables parents to work or go to school while providing children with safe and enriching environments where they can learn and thrive. The 2014 bipartisan reauthorization of CCDBG aims to increase the health, safety, and quality of child care and make child care assistance a more stable support for families. A new purpose in the law—and a goal shared by many federal and state policymakers—is increasing the number of low-income children accessing quality child care. Implementing new provisions of the law, raising the quality of child care, and helping low-income families access stable child care will require significant new investments in CCDBG.

Spending on Child Care Assistance Is at a 12-year Low¹

In FY 2014, overall federal and state spending for child care assistance was at historically low levels. To understand the full picture of child care expenditures, it is important to look at child care subsidy spending from CCDBG and Temporary Assistance for

Figure 1. Total Combined Child Care Spending (in billions), 1997-2014



Source: CLASP calculations of HHS data. American Recovery and Reinvestment Act (ARRA) funding included for years 2009-2011.

Needy Families (TANF)—which states can choose to direct towards child care assistance—combined:

- Total spending on child care assistance—including CCDBG and TANF funds—fell to \$11.3 billion, the lowest level since 2002. Spending was near flat as compared to the previous two years, with a decline of \$103 million from 2013 to 2014 (see Figure 1).
- CCDBG spending decreased by about \$239 million from 2013 to 2014.
- Federal TANF funds used by states for child care increased by \$137 million, reversing a two-year trend of declines, but still far below their highest levels reached in 2000.

While CCDBG has had small increases in federal funding in recent years, funding in constant dollars has actually declined since 2002. According to HHS, as funding levels have not kept pace with rising costs of child care, child care subsidy values have declined by about 20 percent.²

At the same time, TANF funds used for child care assistance have declined by more than a third.³

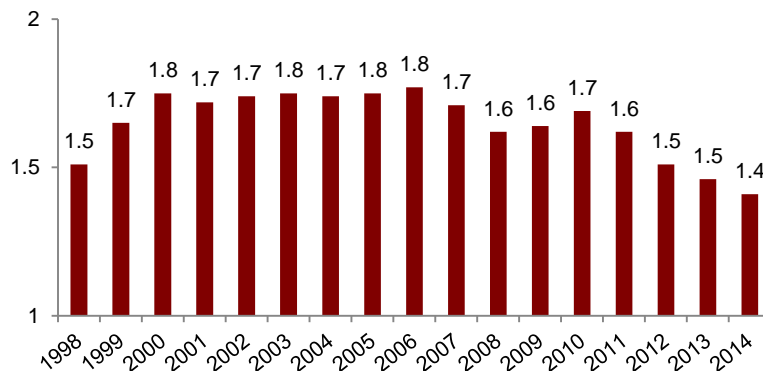
The Number of Children Receiving CCDBG Assistance Is at a 16-year Low

Fewer than 1.4 million children received CCDBG-funded child care in an average month in 2014, the smallest number of children served in the program since 1998 (see Figure 2). The number of children receiving CCDBG-funded child care fell by 43,500 from 2013 to 2014.

From 2006 to 2014, nearly 364,000 fewer children received CCDBG-funded child care.

Data on children served directly with TANF funds are not available. According to HHS, 15 percent of children eligible to receive assistance under federal rules were served in 2012.⁴

Figure 2. Average Monthly Number of Children Served in CCDBG, Federal FY 1998-2014 (in millions)



Source: HHS administrative data. FY 2014 data are preliminary.

A \$1.2 Billion Investment is Needed to Implement the Law Without Further Reducing Access

States are currently working to implement the CCDBG Act of 2014. Many new requirements—including minimum health and safety training and on-site monitoring of child care providers—were long overdue to ensure the well-being of children in CCDBG-funded care. However, the law was not accompanied with a guarantee of new federal funds. States are facing increased, and in some cases significant, costs associated with the law. In the FY 2016 omnibus spending bill, enacted in December 2015, Congress increased funding for CCDBG by \$326 million. This will provide essential funding for states to begin implementation of the new law. However, far more resources will be needed to implement the law and stem the tide of declining access to CCDBG. Moreover, not providing the resources needed to implement the law will prevent states from seizing this opportunity and will be a missed opportunity for improving an important program for parents and children.

Analyses included in proposed regulations issued by HHS to implement the CCDBG Act estimate the first year costs of implementation at \$722 million.⁵ This amount does not account for the costs of maintaining current caseloads. CLASP estimates that an additional \$503 million would be necessary to prevent additional children from losing child care assistance in 2017.⁶ The combined costs for 2017 are, therefore, \$1.2 billion—and further investments will be needed over time to implement additional provisions of the reauthorization and expand assistance for more eligible families.

¹ For detailed analysis see Hannah Matthews and Christina Walker, *Child Care Assistance Spending and Participation in 2014*, CLASP, 2016.

² U.S. Department of Health and Human Services, *FY 2017 Administration for Children and Families Justification of Estimates for Appropriations Committees*, 2016, https://www.acf.hhs.gov/sites/default/files/olab/final_cj_2017_print.pdf.

³ Federal TANF funds used for child care have fallen from a high of \$4 billion in 2000 to \$2.5 billion in 2014.

⁴ U.S. Department of Health and Human Services, *ASPE Issue Brief: Estimates of Child Care Eligibility and Receipt for Fiscal Year 2012*, 2015.

⁵ U.S. Department of Health and Human Services, 80 Fed. Reg. 80465 (proposed December 24th, 2015), <https://federalregister.gov/a/2015-31883>.

⁶ In FY 2014, \$8.4 billion in CCDBG expenditures provided funding for a monthly average of 1.4 million children. Based on an inflation-adjusted per-slot rate of \$6,303, we estimate that it would take an additional \$503 million to maintain 1.4 million children in CCDBG-funded child care.