



Child Care Assistance: A Vital Support for Working Families

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Why Is Child Care Assistance Important?

Quality child care enables parents to work or go to school while providing young children with the early childhood education experiences needed for healthy development. The Child Care and Development Block Grant (CCDBG) is the primary source of federal funding for child care subsidies for low-income working families. Child care subsidies make quality child care affordable for low-income parents, increasing the number of low-income children in high-quality care and supporting their development, while strengthening their families' economic security. Other funding sources for child care assistance include the federal Temporary Assistance for Needy Families (TANF) funding and Social Services Block Grant (SSBG), along with other state funds.

Child care assistance helps families with very low incomes remain in the workforce with increased earnings.

- Child care subsidies are linked to improved employment outcomes for parents.¹ A research study of single mothers found that women were more likely to be employed when receiving child care subsidies and that their employment was more likely to be full time. The study also found that single mothers on child care assistance worked an average of 9.4 hours more than single mothers who did not get help.²
- Another study showed that families receiving child care subsidies are not only more likely to be employed in general, but also are likely to have more stable employment.³ Parents with access to affordable and dependable child care are less likely to face child care interruptions that can result in absences or other schedule disruptions in the workplace.

Parental employment and high-quality child care supports the healthy development of young children.

- When parents do better economically, their children do better as well. Parental employment not only improves the economic circumstance of a family, but also has been shown to improve a child's social and emotional well-being.⁴
- Decades of research show that access to high-quality child care and early education experiences benefits all children, particularly low-income children. And child care subsidies make higher-quality child care programs more affordable for low-income families.⁵

Unfortunately, current investments fall short of meeting the need.

- Five out of six children eligible to receive assistance under federal rules are not getting any help.⁶
- State child care programs are plagued by long waiting lists, overly restrictive income eligibility requirements that prevent low-income families from receiving assistance, and low reimbursement rates to child care providers that can further restrict access and lower quality.⁷

In FY 2013, the most recent year for which data are available, overall federal and state spending for child care subsidies decreased slightly from the previous year, with both spending and participation at historically low levels.

- **Overall child care assistance spending continued its decline to an 11-year low.**
 - Total spending on child care assistance—including combined CCDBG and TANF funds—was \$11.3 billion, the lowest level since 2002, and a decrease of \$82 million from 2012 to 2013.
 - Total spending in 2013 included \$8.6 billion in state and federal CCDBG funds (\$6.5 billion federal), \$1.1 billion in federal TANF funds spent directly on child care,⁸ and \$1.6 billion in additional state TANF maintenance-of-effort (MOE).⁹
 - Federal TANF funds used for child care declined to the lowest level since 1998.
- **The number of children receiving CCDBG-funded child care assistance continued its decline to a 15-year low.¹⁰**
 - Fewer than 1.46 million children received CCDBG-funded child care in an average month in 2013, the smallest number of children served in the program since 1997.¹¹
 - The number of children receiving CCDBG-funded child care fell by 47,500 from 2012 to 2013.
 - Approximately 315,000 fewer children received CCDBG-funded child care in 2013 than in 2006.

An increased investment in child care is urgently needed.

Increasing federal investments in the Child Care and Development Block Grant to states should be a top priority for federal policymakers to help low-income parents work and gain access to quality child care for their children. With an already-significant unmet need, states are facing increased need for funds due to the recent reauthorization of CCDBG in November 2014, its first reauthorization in 18 years. The reauthorization marks an important step forward for improving the health of children and the safety and quality of child care while making it less burdensome for families to get and keep child care assistance; however, the full potential of the law can only be realized with significant investments necessary to implement costly provisions. Unlike the past two reauthorizations, this law was not accompanied with a guarantee of new federal funds. All states will face some new costs, and in many states these costs will be substantial. Studies show that high-quality child care is an important investment that plays a significant role in moving families from welfare to work and improves children's developmental outcomes by promoting stability in child care arrangements. These investments in children today can yield significant returns in the future.

¹ For a review of the research see Gregory Mills, Jennifer Compton, and Olivia Golden, *Assessing the Evidence About Work Support Benefits and Low-Income Families*, Urban Institute, February 2011, <http://www.urban.org/UploadedPDF/412303-Work-SupportBenefits.pdf>.

² April Crawford, *The Impact of Child Care Subsidies on Single Mothers' Work Effort*, Review of Policy Research 23, no. 3, (2006): 699-711.

³ Elizabeth E. Davis, Deana Grobe, and Roberta B. Weber, *Rural-Urban Differences In Child Care Subsidy Use And Employment Stability*, Applied Economics Perspectives and Policies 32, no. 1 (2010): 135-153.

⁴ Rebekah L. Coley and Caitlin McPherran Lombardi, *Does Maternal Employment Following Childbirth Support or Inhibit Low-Income Children's Long-Term Development?* Child Development 84, no. 1 (2012). Results in this study were most significant for African American children.

⁵ Anna D. Johnson, Rebecca M. Ryan, and Jeanne Brooks-Gunn, *Child-Care Subsidies: Do They Impact the Quality of Care Children Experience?* Child Development 83, no. 4 (2012).

⁶ U.S. Department of Health and Human Services, Office of Human Services Policy, Office of the Assistant Secretary for Planning and Evaluation, ASPE Issue Brief: Estimates of Child Care Eligibility and Receipt for Fiscal Year 2011, 2015, http://aspe.hhs.gov/hsp/15/ChildCareEligibility/ib_ChildCareEligibility.pdf.

⁷ Karen Schulman and Helen Blank, *Turning the Corner: State Child Care Assistance Policies 2014*, National Women's Law Center, 2014, http://www.nwlc.org/sites/default/files/pdfs/nwlc_2014statechildcareassistancereport-final.pdf.

⁸ States also transferred \$1.4 billion in federal TANF funds to CCDBG. Once transferred, these TANF funds are subject to CCDBG rules and may be spent over several years. When spent, they are reported as CCDBG spending; therefore, we do not include these dollars in our sum of total year spending.

⁹ States may claim spending towards both TANF and CCDBG MOE. This figure excludes approximately \$928 million that may be counted as both CCDBG MOE and TANF MOE. Total TANF MOE spent on child care was \$2.5 billion in 2013. Note: MOE requires states to continue spending at least the same amount on child care services as they did prior to reauthorization of CCDBG in 1996.

¹⁰ CLASP analysis of data reported by the U.S. Department of Health and Human Services, Administration for Children & Families, Office of Child Care, at <http://www.acf.hhs.gov/programs/occ/resource/ccdf-statistics>. The number of children served with TANF-funded child care is not reported.

¹¹ For more detailed analysis of 2013 participation data see Hannah Matthews and Stephanie Schmit, *Child Care and Development Block Grant (CCDBG) Participation Continues to Fall*, CLASP, 2014, <http://www.clasp.org/resources-and-publications/publication-1/CCDBG-Participation-2013-Factsheet-1.pdf>.