



Child Care and Development Block Grant Investment Could Support Bipartisan Reforms, Stop Decline in Children Served

217,000 Children at Risk of Losing CCDBG-Funded Child Care

APRIL 2017 | STEPHANIE SCHMIT AND HANNAH MATTHEWS

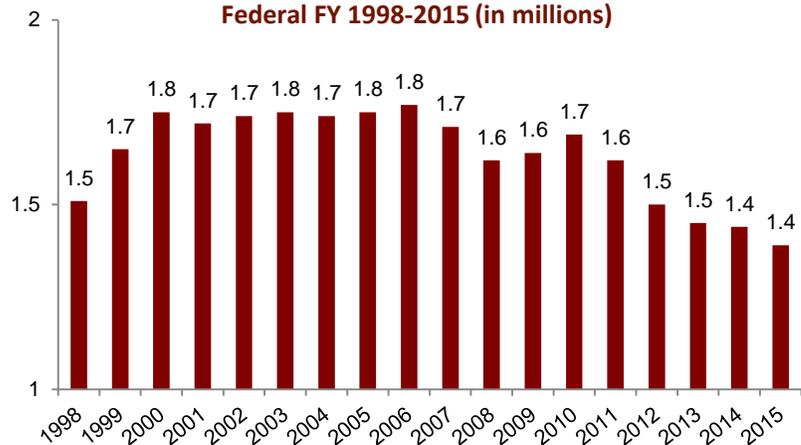
The Child Care and Development Block Grant (CCDBG) is the primary federal funding source to provide low-income families with child care subsidies and improve child care quality for all children. High-quality child care enables parents to work or attend school and improve their employment outcomes while providing safe, enriching environments for their children to learn and thrive.¹

The 2014 bipartisan reauthorization of CCDBG sought to improve child care health, safety, and quality as well as reduce administrative burdens for parents who apply for assistance. Implementing important new provisions of the law—such as training and professional development and comprehensive background checks for child care providers—requires significant new investments in CCDBG.

CCDBG participation is at an all-time low

For five straight years, the number of children receiving CCDBG-funded child care has steadily declined. In 2015, the most recent year for which data are available, the number of children receiving CCDBG-funded child care assistance reached an all-time low. Fewer than 1.4 million children received CCDBG-funded child care in an average month.² Approximately 373,100 fewer children received CCDBG-funded child care in 2015 than in 2006, representing a 21 percent reduction in the average monthly number of children served over 9 years.

Figure 1. Average Monthly Number of Children Served in CCDBG in the United States Federal FY 1998-2015 (in millions)



Source: HHS administrative data. FY 2015 data are preliminary.

In 2014, total child care spending, including CCDBG and TANF funds, fell to \$11.3 billion—its lowest level since 2002. Despite a modest increase in 2015, CCDBG failed to keep pace

with inflation, eroding the block grant's value. At the same time, child care costs have continued to increase. Consequently, the number of children served continues to decline.

At current investment levels, only 15 percent of children who are eligible for child care assistance actually get help.³ As a result, states target their very limited resources to families with the greatest need. More than half of families served in CCDBG have incomes below the federal poverty level, even though the program is designed to reach families with incomes up to two or three times greater on average.^{4,5} Hardworking families who earn low wages struggle with child care costs, forcing them to make difficult choices. Parents must work to provide for their families; however, that's difficult or impossible when -high-quality child care is not affordable or available.

Investment is needed to implement CCDBG and avoid further decline in children served

CLASP estimates that an increase of \$1.4 billion is needed in FY 2018 to fully fund the CCDBG reauthorization without further reducing the number of children served. Implementing the CCDBG Act in 2018 will cost an estimated \$775 million.⁶ This does not account for the costs of maintaining current caseloads. CLASP also estimates an additional \$612 million would be necessary to prevent additional children from losing child care assistance.⁷ Our estimate assumes the costs of maintaining a caseload of 1.4 million children—although insufficient investments in 2016 and 2017 could already have resulted in a further reduction in children served.

Absent new investment—even if CCDBG were flat funded—up to 217,000 children could lose child care assistance in 2018. Because CCDBG is a block grant, states ultimately make decisions about how to allocate their funding. Without an increase in funding, states are left to make painful decisions across important priorities, such as basic health and safety assurances, provider payment rates, quality initiatives, and subsidies for low-income families. Falling short in these areas undermines the widely supported goals of the reauthorization.

Despite the need for funding, the Trump Administration has proposed an 18 percent cut in funding for the U.S. Department of Health and Human Services, the agency that administers CCDBG. Cuts at that level would not leave sufficient room for needed investment in CCDBG. While the President's budget proposal provides a blueprint for his funding priorities, actual funding levels are determined by Congress.

Every year, Congress decides on spending levels for many vital programs, including those related to education, health, income supports, workforce development, and other priorities. Under current law, spending caps on both defense-related discretionary spending and nondefense discretionary (NDD)—everything besides defense spending—are capped at equal levels and are set to lower each year. In recent years, Congress has taken steps to provide relief from these sequester cuts, but that relief is not guaranteed for 2018. Since the caps were put in place through the Budget Control Act of 2011, NDD funding has declined each year—and this is expected to continue. NDD spending is estimated to hit a record low as a percentage of gross domestic product (GDP) in 2018.⁸ Even if Congress does not follow the path of deep cuts included in the President's budget proposal, vital programs for low-income children and families will still be hit hard if NDD caps aren't lifted. It's imperative that Congress lift the sequester caps on non-defense discretionary funding levels to allow for investment in necessary programs, including CCDBG. Without acting, Congress will allow funding for these vital programs to continue to fall, and countless children and families will lose access to programs and services that support their wellbeing and strengthen their families' economic security.

Number of Children to Lose CCDBG-Funded Child Care Without a Funding Increase in 2018

State	Number of Children
Alabama	5,068
Alaska	1,921
Arizona	4,073
Arkansas	2,132
California	9,163
Colorado	3,224
Connecticut	1,596
Delaware	4,562
District of Columbia	1,367
Florida	8,170
Georgia	7,145
Hawaii	2,932
Idaho	3,409
Illinois	5,077
Indiana	4,721
Iowa	3,534
Kansas	3,810
Kentucky	2,563
Louisiana	4,674
Maine	1,964
Maryland	2,936
Massachusetts	3,533
Michigan	5,356
Minnesota	3,273
Mississippi	4,957
Missouri	6,285
Montana	2,176
Nebraska	2,975
Nevada	2,748
New Hampshire	2,755
New Jersey	5,816
New Mexico	4,233
New York	9,419
North Carolina	7,076
North Dakota	2,300
Ohio	5,527
Oklahoma	4,195
Oregon	3,394
Pennsylvania	9,358
Rhode Island	2,537
South Carolina	3,150
South Dakota	3,735
Tennessee	4,102
Texas	10,082
Utah	2,598
Vermont	2,781
Virginia	3,354
Washington	5,338
West Virginia	3,543
Wisconsin	3,855
Wyoming	2,787
Total	217,277

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, 2011, <http://www.urban.org/UploadedPDF/412303-WorkSupportBenefits.pdf>.

² CLASP analysis is based on data reported by the U.S. Department of Health and Human Services <https://www.acf.hhs.gov/occ/resource/preliminary-fy2015>. Fiscal year 2015 data are preliminary.

³ Nina Chien, *Estimates of Child Care Eligibility and Receipt for Fiscal Year 2012*, Office of the Assistant Secretary for Planning and Evaluation, Office of Human Services Policy, U.S. Department of Health and Human Services, 2015, <https://aspe.hhs.gov/sites/default/files/pdf/153591/ChildEligibility.pdf>.

⁴ U.S. Office of Health and Human Services, "Characteristics of Families Served by the Child Care and Development Fund Based on Preliminary 2014 Data" Administration for Children and Families, 2014 https://www.acf.hhs.gov/sites/default/files/occ/data_fact_sheet_preliminary_fy_2013.pdf.

⁵ Federal income eligibility is capped at 85 percent of State Median Income (SMI).

⁶ Final Rule of September 30, 2016, Child Care and Development Program, Federal Register, Vol. 81, No. 190 <https://www.gpo.gov/fdsys/pkg/FR-2016-09-30/pdf/2016-22986.pdf>.

⁷ In FY 2015, \$8.5 billion in CCDBG expenditures provided funding for a monthly average of 1.4 million children. Based on an inflation-adjusted per-slot rate which varies by state, we estimate that it would take an additional \$612 million to maintain 1.4 million children in CCDBG-funded child care.

⁸ Center on Budget and Policy Priorities, *Policy Basics: Non-Defense Discretionary Programs*, February 2016, <http://www.cbpp.org/research/policy-basics-non-defense-discretionary-programs>.