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# CCDBG: Helping Working Families Afford Child Care

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**CLASP**  
Policy solutions that work for low-income people

High-quality child care programs offer safe, nurturing environments where children can learn and grow. Many families who need child care so they can work or go to school can't afford it. To help families that need it most, the Child Care and Development Block Grant (CCDBG) was created. It is the largest source of federal funding to states to provide child care assistance for families with low-incomes and improve the overall quality of child care.<sup>1</sup> This fact sheet highlights the CCDBG program and its importance for families with low-incomes, as well as the current status of the program including states' implementation of the 2014 reauthorization and the 2018 historic increase in federal funding.

## Child care assistance is important for families with low incomes

Child care assistance provides low-income families with subsidies to offset the cost of child care, allowing them to go to work or school while providing young children with positive early learning experiences necessary for healthy development. When families get child care assistance, parents benefit from improved employment outcomes, including higher employment rates and greater job retention.<sup>2</sup>

**Child care is a critical support for working parents.** Parents with access to affordable, dependable child care are less likely to face child care interruptions that can lead to absences or other schedule disruptions in the workplace. And when parents can further their education and participate in the workforce, children benefit because parental employment improves families' economic circumstances and children's social and emotional wellbeing.<sup>3</sup>

Participating in a **high-quality child care program also benefits children** directly by offering stable, nurturing environments that support children's learning and wellbeing. Research shows high-quality child care programs also have a positive impact on very young children's health and development.<sup>4</sup>

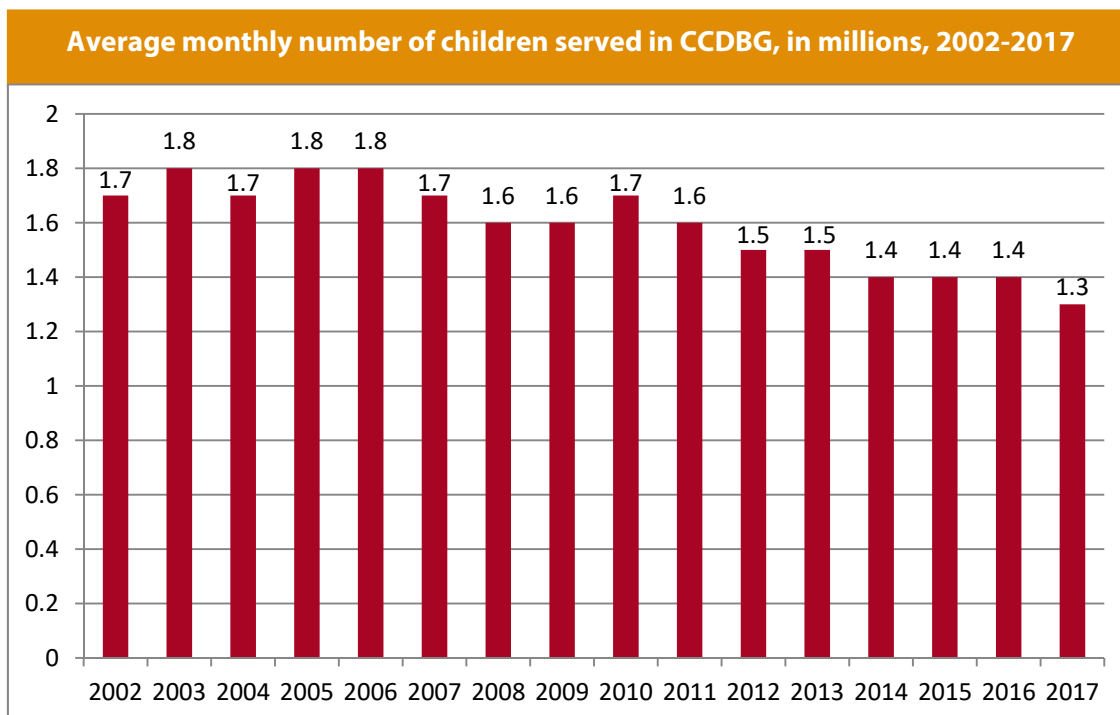
## The Child Care and Development Block Grant

CCDBG provides child care subsidies to low-income families through a federal-state partnership. States have flexibility under CCDBG to develop child care policies that best suit the needs of children and parents, so long as their decisions comply with federal parameters.<sup>5</sup> The law permits families to be eligible for subsidies if they make no more than 85 percent of the State Median Income (SMI) where they live. This amount, when averaged nationwide, is roughly 3 times the federal poverty line. However, states can set income eligibility anywhere below that ceiling—and most do.<sup>6</sup>

CCDBG was enacted under the Omnibus Budget Reconciliation Act of 1990 and was amended and reauthorized by the Personal Responsibility and Work Opportunity Act of 1996.<sup>7</sup> CCDBG was not reauthorized again for almost 20 years. The 2014 reauthorization included important provisions to increase health and safety standards for all children receiving CCDBG-funded child care; emphasize access to quality care for the most vulnerable children; promote stability and continuity of care for eligible families; and help parents stay and move up in their jobs. However, Congress did not adequately fund these critical reforms when passing the reauthorization. Therefore, many states were forced to delay their implementation or further restrict already limited access to subsidies to meet the new requirements.

### Who participates?

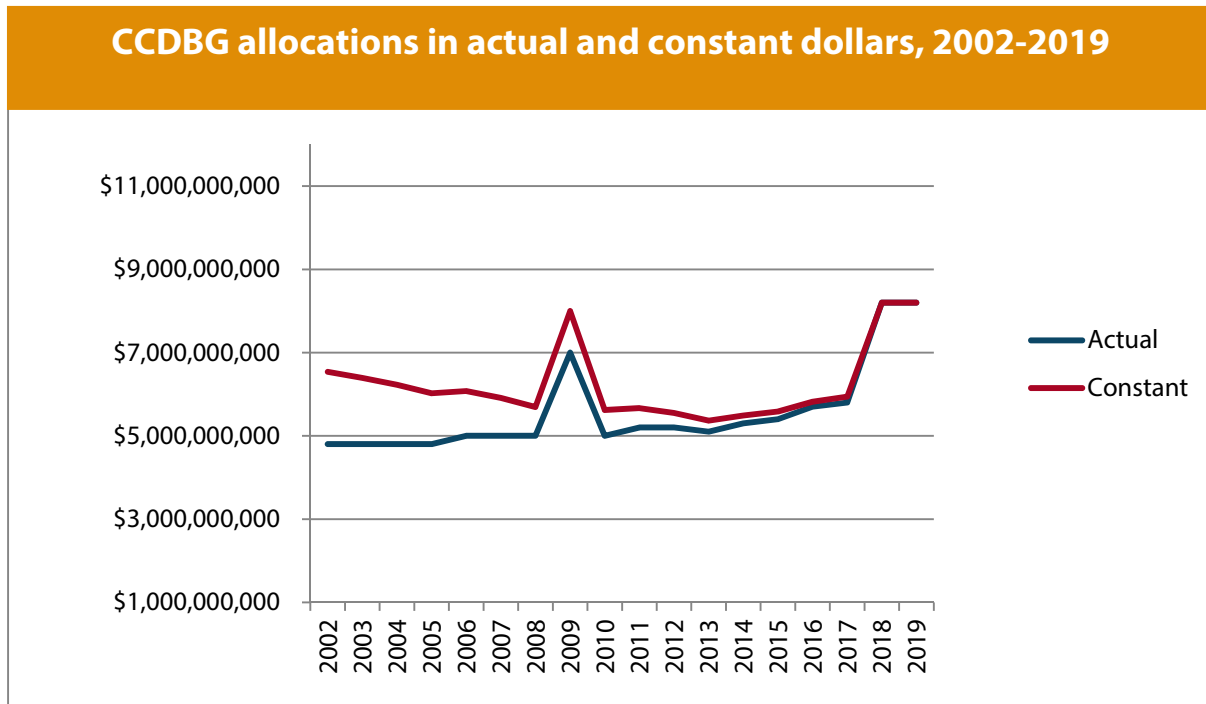
CCDBG funds may be used to provide care for children from birth to age 13.<sup>8</sup> To qualify for assistance, a child's parents must be working or in education or training programs and meet the income eligibility requirements set by the state or a child may be in protective services. The most recent data available shows us that in fiscal year (FY) 2017, 1.32 million children in 796,000 families received CCDBG-funded child care in an average month.<sup>9</sup> Most children were eligible for services because their parents were working.<sup>10</sup> From 2006 to 2017, 450,000 children lost CCDBG-funded child care because states had insufficient funding.



Source: "Administration for Children and Families, Office of Child Care administrative data, 2002-2017."

### How is it funded?

Federal funding for CCDBG includes a discretionary funding stream (authorized under the CCDBG Act, which Congress must approve as part of the budget process each year) and a mandatory funding stream (the Child Care entitlement, authorized in Section 418 of the Social Security Act, which does not require annual Congressional approval). To draw down all available federal funds, states must contribute dollars toward child care each year through matching and “maintenance of effort” (MOE).<sup>11</sup> CCDBG program rules apply to both sources of money, as well as state funding contributions.



Source: CLASP analysis of HHS data. This chart includes combined mandatory and discretionary funding. FY 2009 includes \$2 billion one-time ARRA funding. CLASP calculations of constant dollars are based on Consumer Price Index data.

States can also choose to use funds from the federal Temporary Assistance for Needy Families (TANF) program for child care. TANF funds spent directly on child care are not subject to CCDBG rules.<sup>12</sup> However, states are permitted to transfer up to 30 percent of their TANF block grants to CCDBG, the Social Services Block Grant (SSBG), or a combination of the two. When TANF funds are transferred to CCDBG they do become subject to CCDBG rules.

In 2016, the most recent year that data are available, total combined spending on child care assistance—comprised of CCDBG and TANF-related funds—totaled \$11.6 billion. State and federal CCDBG expenditures, including TANF transfers, accounted for \$8.6 billion of this total while the additional \$3 billion came from TANF direct and excess MOE spending.<sup>13</sup>

## **Current State of Affairs**

**Increased Funding.** In March 2018, Congress included a \$2.37 billion increase for CCDBG in the FY 2018 omnibus spending bill, the largest one-year increase in federal funding for child care in history.<sup>14</sup> FY 2019 funding included an additional \$50 million increase. With this investment, states are working to fully meet the requirements of the 2014 reauthorization and make child care subsidies work better for families with low incomes. Over half of the states are using, or will use, the additional federal child care funds to raise payments rates, or the amount paid to child care providers for providing care to children with subsidies; eight states are using, or will use, the additional funds to serve families on the waiting list for child care assistance; and many states are using the additional funds to implement provisions of the reauthorization.<sup>15</sup> While the significant boost in funding provides critical resources to implement the reauthorization, raise rates, and expand access for low-income families, it was not sufficient to make up lost ground over the past decade.

**Disparate Access.** Only 15 percent of eligible children under federal parameters have access to child care subsidies.<sup>16</sup> This varies significantly by state and by race. According to our recent analysis, only 15 percent of eligible Black children were served nationally based on federal eligibility parameters. In most states, Latino and Asian children have far less access with just 2 percent of eligible Asian children and 4 percent of eligible Hispanic children served in CCDBG nationally.<sup>17</sup>

## **Next Steps**

The historic 2018 investment helped to fund the provisions of the 2014 reauthorization, some of which were very costly. However, continued investment is needed to keep making progress on these provisions and to serve more children. We are still catching up from the shortfalls in prior years when CCDBG funding remained largely stagnant and states' use of TANF funding for child care had dropped precipitously from its peak. Despite the significant CCDBG funding increase, total funding for child care in FY 2018 remained \$1 billion below total funding in FY 2001 after adjusting for inflation. And the program continues to serve only a small fraction of eligible families. As such, policymakers need to make further investments to fully address existing gaps in the affordability, availability, and quality of child care.

In 2020, CCDBG funding should be increased by **\$5 billion**. This will allow states to build on progress made through the reauthorization and 2018/19 funding increase and to continue to address unmet need and racial disparities in access to child care assistance.

For questions, contact **Stephanie Schmit** at [sschmit@clasp.org](mailto:sschmit@clasp.org).

## Endnotes

- <sup>1</sup> Congressional Research Service, *The Child Care and Development Block Grant: Background and Funding*, 2014, [https://www.everycrsreport.com/files/20140917\\_RL30785\\_523d234ca8f11b399d2adf7d0609aa077586fe95.pdf](https://www.everycrsreport.com/files/20140917_RL30785_523d234ca8f11b399d2adf7d0609aa077586fe95.pdf).
- <sup>2</sup> For a review of the research see Gregory Mills, Jennifer Compton, Olivia Golden, *Assessing the Evidence About Work Support Benefits and Low-Income Families*, Urban Institute, 2011, [www.urban.org/sites/default/files/publication/27161/412303-Assessing-the-Evidence-about-Work-Support-Benefits-and-Low-Income-Families.PDF](http://www.urban.org/sites/default/files/publication/27161/412303-Assessing-the-Evidence-about-Work-Support-Benefits-and-Low-Income-Families.PDF).
- <sup>3</sup> Rebekah L. Coley, Caitlin McPherran Lombardi, “Does Maternal Employment Following Childbirth Support or Inhibit Low-Income Children’s Long-Term Development?” *Child Development* 84 (2012). Results in this study were most significant for African American children.
- <sup>4</sup> Jack P. Shonkoff and Deborah A. Phillips, eds., *From Neurons to Neighborhoods: The Science of Early Childhood Development*, National Research Council and Institute of Medicine, 2000.
- <sup>5</sup> Hannah Matthews, Karen Schulman, Julie Vogtman, et al., *Implementing the Child Care and Development Block Grant Reauthorization: A Guide for States*, CLASP and NWLC, 2017, <https://www.clasp.org/sites/default/files/publications/2018/05/Updated%20CCDBG%20Reauthorization%20Guide.pdf>.
- <sup>6</sup> Karen Schulman, *Overdue for Investment: State Child Care Assistance Policies 2018*, National Women’s Law Center, 2018, <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/11/NWLC-State-Child-Care-Assistance-Policies-2018.pdf>.
- <sup>7</sup> Office of Child Care, *History*, Administration for Children and Families, 2016, <https://www.acf.hhs.gov/occ/about/history>.
- <sup>8</sup> States may also choose to provide assistance to children between 13 and 19 years of age who are physically and/or mentally incapable of self-care or under court supervision.
- <sup>9</sup> Office of Child Care, “FY 2017 Preliminary Data Table 1—Average Monthly Adjusted Number of Families and Children Served,” 2019, <https://www.acf.hhs.gov/occ/resource/fy-2017-preliminary-data-table-1>.
- <sup>10</sup> Office of Child Care, “FY 2017 Preliminary Data Table 10—Reasons for Receiving Care, Average Monthly Number of Families,” 2019, <https://www.acf.hhs.gov/occ/resource/fy-2017-preliminary-data-table-10>
- <sup>11</sup> 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
- <sup>12</sup> HHS, ACF, Temporary Assistance to Needy Families Program Instruction No. TANF-ACF-PI-2005-01, <http://www.acf.hhs.gov/programs/ofa/dts/tanf/tanf05-01.htm>.
- <sup>13</sup> For additional information on child care spending, read *Child Care Assistance Spending and Participation in 2016*: <https://www.clasp.org/sites/default/files/publications/2018/06/Child%20Care%20Assistance%20and%20Participation%20in%202016.pdf>.
- <sup>14</sup> CLASP, *Child Care in the FY 2018 Omnibus Spending Bill*, 2018, <https://www.clasp.org/publications/fact-sheet/child-carefy-2018-omnibus-spending-bill>.
- <sup>15</sup> National Women’s Law Center, *States Use New Child Care and Development Block Grant Funds to Help Children and Families*, 2019, <https://nwlc-ciw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2019/01/NWLC-report-on-state-uses-of-new-child-care-funds.pdf>.
- <sup>16</sup> Nina Chien, *Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2015*, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, <https://aspe.hhs.gov/system/files/pdf/260361/CY2015ChildCareSubsidyEligibility.pdf>.
- <sup>17</sup> CLASP analysis of 2016 ACS 1-year data, 2012-2016 ACS 5-year data, and Administration for Children and Families Office of Child Care 2016 Administrative Data.