



CCDBG: A Critical Support for Working Families

March 2017 | Christine Johnson-Staub and Hannah Matthews

The Child Care and Development Block Grant (CCDBG), also known as the Child Care and Development Fund or CCDF, is the sole federal funding source that provides direct child care assistance to help low-income families afford child care and improves the quality of child care and early education services for all who use them. CCDBG is critical for the 1.4 million children whose parents can go to work or to school thanks to its direct assistance—as well as millions more who benefit by extension from state efforts to improve the health, safety, and quality of child care.

For most working families, child care is a significant portion of their household budget. In 2015, the average annual cost of center-based care for a four-year-old ranged from \$3,997 in Mississippi to \$12,781 in Massachusetts.¹ To place affordability into context, a full-time minimum wage employee earns only \$15,080 annually. For far too many families, the enormous cost of child care limits their choices and their access to quality care.

A State-Federal Partnership for Working Families

Since its beginning, CCDBG has been a state-federal partnership in both policy and funding:

- **Federal and state governments both contribute funding.** The federal government provides mandatory funding, or the Child Care Entitlement, authorized in Section 418 of the Social Security Act, and discretionary funding, authorized in the CCDBG Act and appropriated annually by Congress. To draw down all federal mandatory funds, states contribute matching and maintenance of effort (MOE) funds. States also choose whether to transfer funds from the federal Temporary Assistance for Needy Families (TANF) block grant to CCDBG or to spend them directly on child care.
- **The federal law sets broad parameters for rules of the CCDBG program, and states have flexibility to make policy decisions under those parameters.** For example, the federal definition of eligibility includes children up to age 13 whose parents who are employed or participating in education or training programs and whose household incomes are below 85 percent of their state median income (SMI) and children in need of protective services. It also sets a floor for basic health and safety standards. Under those parameters, states define parent employment, education and training requirements for the purposes of eligibility and set income eligibility for families at or below the federal ceiling. They also make additional decisions, such as which families to prioritize, what rates to pay child care providers, and what share of the costs parents pay.

Child Care Assistance is Critical for Parents and Children

For low-income working parents, child care assistance is critical to get and keep a job, increase earnings, and strengthen family economic stability. And research shows that when parents do better economically, children do better as well.²

- **Child care subsidies are linked to improved employment outcomes for parents.**³ For example, a study found that single mothers were more likely to be employed when receiving child care subsidies and their

employment was more likely to be full time. Single mothers using child care assistance worked on average 9 hours more than single mothers who did not get help.⁴

- **Parents receiving child care subsidies have more stable employment.**⁵ 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.

CCDBG Fuels Child Care Quality Improvement Efforts in States

CCDBG is the largest source of funding to improve the quality of child care and early education. States are currently phasing in an increase in the quality set-aside—the funds dedicated to building quality in all child care settings—from 4 percent to 9 percent over a five-year period, along with a 3 percent set-aside for infant-toddler care quality.

- **CCDBG quality dollars support state quality initiatives.** CCDBG funds are used for monitoring compliance with health and safety standards; supporting Quality Rating and Improvement Systems (QRIS) that encourage child care programs to improve quality and also give parents information on quality to inform their choice of providers; training and professional development of child care and early childhood educators to help them acquire the skills for best supporting children's early learning and development; and other purposes.
- **Research demonstrates the importance of high-quality child care to children's development.** Children who have attended high-quality care perform better on tests of cognitive skills, language ability, vocabulary, mathematical ability, memory and attention, and social skills. This is particularly true for low-income children who benefit the most from high-quality child care and early education experiences.⁶

Opportunities and Challenges for States and Families

The 2014 bipartisan reauthorization of CCDBG offers enormous potential for supporting the economic stability of low-income families and making improvements in the health, safety, and quality of child care for all children. Yet, states struggle to realize those opportunities with existing resources.

- **The number of children receiving CCDBG-funded child care declined by 373,100 children from 2006 to 2015,** a 21 percent reduction in the average monthly number of children served.⁷ The U.S. Department of Health and Human Services estimates that only 15 percent of children eligible under federal income guidelines received assistance in 2012.⁸
- **Current state policies often reflect budget constraints.** As a result, fewer families are getting the help they need to stay in the workforce. 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 payment rates to child care providers that can further restrict access and reduce quality.

¹ *Parents and the High Cost of Child Care*, Child Care Aware of America, 2016.

² Coley and Lombardi, "Does Maternal Employment Following Childbirth Support or Inhibit Low-Income Children's Long-Term Development?" *Child Development* 84 (2012).

³ Mills, Compton, and Golden, *Assessing the Evidence About Work Support Benefits and Low-Income Families*, Urban Institute, 2011.

⁴ Crawford, "The Impact of Child Care Subsidies on Single Mothers' Work Effort," *Review of Policy Research* 23 (2006).

⁵ Mills, Compton, and Golden, *Assessing the Evidence*.

⁶ National Institute of Child Health and Human Development, *Preschoolers Who Experienced Higher Quality Care Have Better Intellectual and Language Skills*, 2001 and Peisner-Feinberg, Clifford, Culkin, et al., *The Children of the Cost, Quality, and Outcomes Study Go To School*, Frank Porter Graham Child Development Center, 1999.

⁷ Walker and Matthews, *CCDBG Participation Drops to Historic Low*, CLASP, 2016.

⁸ Chien, *Estimates of Child Care Eligibility and Receipt for Fiscal Year 2012*, U.S. Department of Health and Human Services, 2015.