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Child Care Assistance Spending and Participation in 2019

Alycia Hardy and Alejandra Londono Gomez | August 2022

CLASP
The Center for Law and Social Policy

Introduction

Child care has proven to be a worthwhile investment for children, families, and our country's future. It allows children to have a safe place to learn and grow, so their parents can work and provide for their families.¹ However, funding for these programs has failed to meet families' needs—leaving them unable to access affordable, high-quality child care.

The federal government provides limited resources for child care through a combination of mandatory funding through the Social Security Act—sometimes referred to as Child Care Entitlement to States—and discretionary funding authorized through the Child Care and Development Block Grant Act (CCDBG) of 1990.² These two combined funding streams are known as the Child Care Development Fund (CCDF). CCDBG is the primary federal funding source for child care subsidies to families with low incomes. It is also the primary funding source for improving the quality of child care for all children.³ In addition to CCDBG funds, states can receive additional child care funding through the Temporary Assistance for Needy Families (TANF) block grant. Even with these federal investments, the United States woefully underinvests in child care and early childhood education when compared to other countries.⁴ This underinvestment has translated to most families, including those who are currently eligible for assistance, not having access to the high-quality child care they need and deserve.

In fiscal year (FY) 2018, federal funding for CCDBG increased by a historic \$2.4 billion, the largest rise in the program's history. This enhancement in federal discretionary funding was primarily intended to fully fund CCDBG's 2014 reauthorization and strengthen access to child care assistance.⁵ Since states have multiple years to spend funds, the increase in FY 2018 translated into increases in FY 2019 spending for child care assistance.

This fact sheet analyzes national and state spending and participation data for CCDBG- and TANF-funded child care for FY 2019. Given the delay in the public release of data, this analysis does not reflect the devastating impacts that have rippled through the child care system because of the COVID-19 pandemic—such as widespread provider closures; record unemployment rates; increased underemployment; or existing and exacerbated racial and economic inequities.⁶ Similarly, it does not reflect the significant COVID-relief funding for child care in 2020 and 2021 or how states have invested those funds to address child care access, affordability, and quality, as well as increase provider participation.

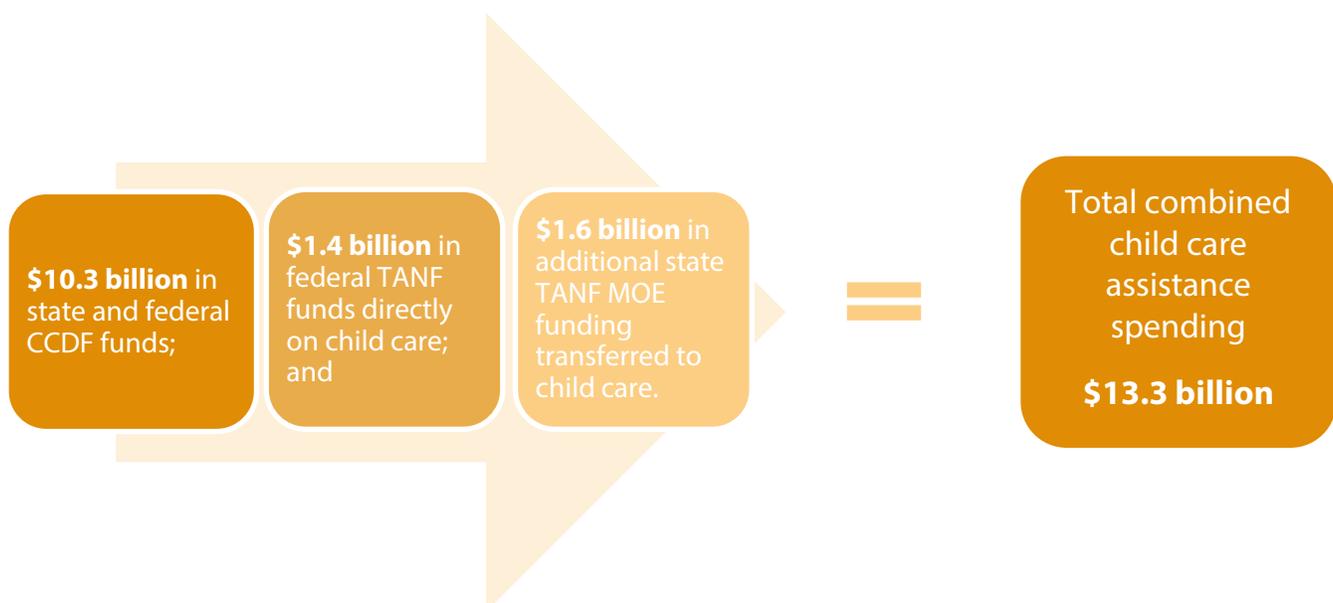
Total Combined Child Care Assistance Spending⁷

The total combined spending on child care assistance included in this analysis is comprised of CCDBG and TANF-related funds. In FY 2019, **78 percent** of total child care assistance spending was from CCDBG, and **22 percent** was from TANF-related funds.⁸

Both CCDBG and TANF stipulate that each state must spend a minimum threshold of funds—known as maintenance of effort (MOE)—to receive the full amount of federal funds available for child care assistance. As detailed later in this fact sheet, when states do not spend this minimum threshold of funds and/or fail to meet other minimum funding requirements, they are unable to access all the available federal funds.

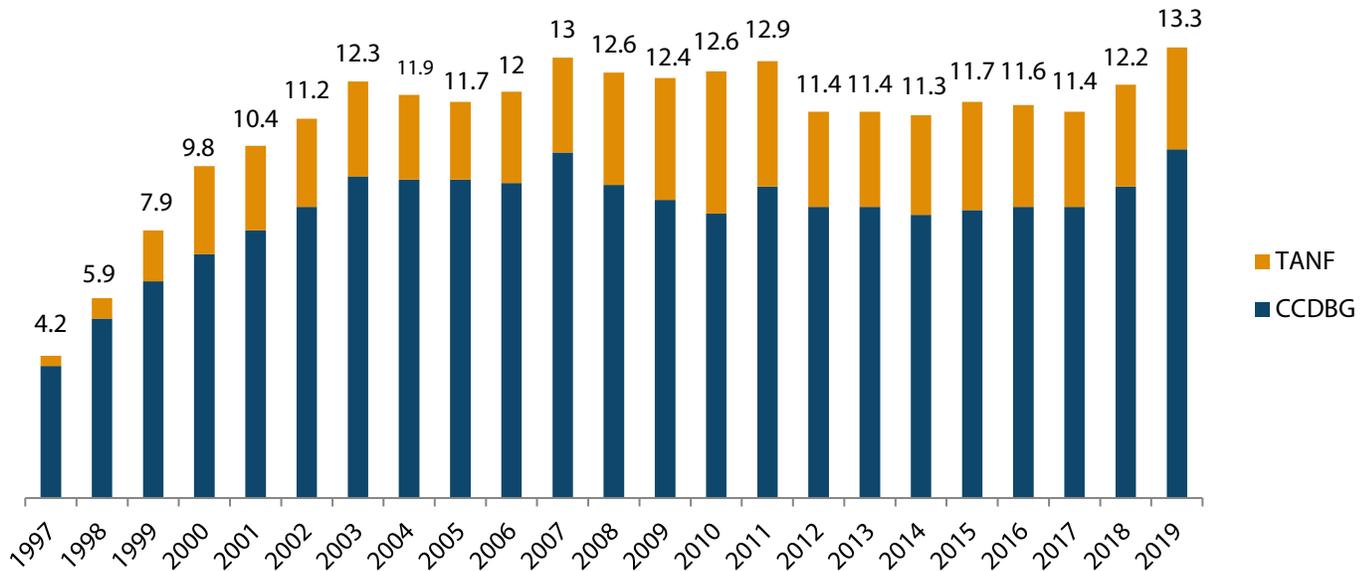
In FY 2019, total combined spending on child care assistance was **\$13.3 billion**.⁹ This was a **9 percent** (\$1.1 billion) increase from the previous fiscal year. This boost is mostly attributed to increases in state and federal CCDBG spending, which rose by **12 percent** (\$1.1 billion), as well as an increase in additional state TANF MOE funds, which rose by **9 percent** (\$130 million).¹⁰

What Did Total Spending in 2019 Include?¹¹



Total combined child care spending in FY 2019 (\$13.3 billion) surpassed the historic high of **\$13 billion** in 2007.¹² **Thirty-four states** increased total combined spending from FY 2018 to FY 2019. Vermont had the largest percentage increase in total spending, at **86 percent** (\$24 million). Comparably, 16 states and the District of Columbia (D.C.) decreased total combined spending, with an average decrease of **11 percent**. Rhode Island had the largest percentage decrease in spending, at **36 percent** (\$22 million).

Figure 1. Total Combined Child Care Spending (in billions), 1997-2019



Source: CLASP calculations of HHS data. Total spending includes data for territories.

What Were the Major Changes in Total Spending from 2018 to 2019?

- State and federal Child Care and Development Block Grant (CCDBG) funds **increased** by \$1.1 billion (12%)
- Federal TANF funds spent directly on child care assistance **decreased** by \$139 million (9%)
- Additional state TANF MOE on child care **increased** by \$130 million (9%)

Child Care and Development Block Grant Spending¹³

Annual Child Care and Development Fund (CCDF) expenditures encompass all federal and state funds that were spent through CCDBG during FY 2019, including those appropriated in prior years. By law, states have several years to obligate (officially commit funds for a specific use) and liquidate (pay for the obligations) CCDBG funds.¹⁴ In fact, of the **\$8.2 billion**¹⁵ in FY 2019 federal CCDBG expenditures (an increase of **\$1.2 billion** above FY 2018¹⁶), **\$4.8 billion** was awarded in Grant Year (GY) 2019; **\$3 billion** was awarded in GY 2018, and **\$419 million** was awarded in GY 2017.¹⁷ ¹⁸ This flexibility to spend funds across several years, with the addition of state spending sources, can make annual child care *spending* higher than annual *funding*.¹⁹

CCDBG Expenditures FY 2018

- \$4.2 billion in federal discretionary
- \$1.2 billion in federal mandatory
- \$1.7 billion in federal match
- \$1.3 billion in state match
- \$903 million in state MOE

Total: \$9.2 billion

CCDBG Expenditures FY 2019

- \$5.6 billion in federal discretionary
- \$1.1 billion in federal mandatory
- \$1.5 billion in federal match
- \$1.2 billion in state match
- \$855 million in state MOE

Total: \$10.3 billion

CCDBG expenditures consist of funds spent from across state and federal funding streams including federal discretionary, federal mandatory, federal match, state match, and MOE. States reported lower expenditures across all CCDBG spending categories, except federal discretionary. The **\$10.3 billion** in reported FY 2019 CCDBG expenditures was **12 percent** (\$1.1 billion) higher than the previous year, with **37 states** reporting higher overall expenditures—due to higher reported federal discretionary expenditures across most states compared to what was reported for FY 2018. Mississippi reported the largest CCDBG spending increase of **52 percent** (\$39 million) and Louisiana reported the largest spending decrease of **37 percent** (\$58 million) when compared to FY 2018.

Federal discretionary expenditures totaled **\$5.6 billion** in FY 2019, an increase of nearly **35 percent** (\$1.5 billion) when compared to FY 2018. Arizona reported a **168 percent** (\$82 million) increase in federal discretionary expenditures between FY 2018 and FY 2019. While large increases in federal discretionary expenditures, such as in Arizona, could be attributed to many reasons, this is likely a reflection of the significant increase in federal discretionary appropriations from FY 2018—which can be spent in subsequent years.

Federal mandatory expenditures for FY 2019 totaled **\$1.1 billion**, a decrease of nearly **5 percent** (\$52.9 million) when compared to FY 2018. Federal matching expenditures totaled **\$1.5 billion** in FY 2019, a decrease of **11 percent** (\$178 million).

States must spend a minimum required amount of *state match*²⁰ and *MOE*²¹ funds to draw down their full allotment of available federal CCDBG funds. However, when states do not meet these minimum spending

requirements, they are essentially losing access to additional federal funds or leaving money on the table. These funds are reallocated to other states that have met the requirements for matching funds. In FY 2019, most states met their CCDBG match and MOE requirements. Only **four states** did not provide enough state matching funds to draw down all federal matching funds, leaving **\$46.1 million** on the table. These states—and the corresponding funds they left on the table—were Idaho (**\$6.9 million**); Kansas (**\$3.9 million**); Pennsylvania (**\$1.5 million**); and Tennessee (**\$33.8 million**).²²

While states must spend a minimum amount of state match and MOE funds to draw down all available federal funds, some states spend above these minimum requirements. In FY 2019, **three states** (Colorado, Louisiana, and Utah) reported spending **\$14 million**²³ above the state match amount required to fully draw down federal CCDBG funds.²⁴ Also in FY 2019, Georgia reported spending a total of **\$100,000**²⁵ above its MOE requirement.²⁶

TANF Used for Child Care Assistance in 2019²⁷

States can use TANF funds to support child care assistance in several ways: spending TANF funds directly on child care; transferring up to 30 percent of funds to CCDBG; or transferring up to 30 percent of funds to a combination of CCDBG and the Social Services Block Grant (SSBG). The SSBG is a federal funding source that provides states the flexibility needed to tailor social service programs to meet specific needs within the state. States can also use funds meant to satisfy TANF MOE requirements to count toward meeting CCDBG MOE requirements. They can even spend beyond the minimum required TANF funds to support child care assistance.

In FY 2019, child care was the second largest use of total TANF funds, with **12 percent** of funds being used for child care.²⁸ Of those funds, states spent **\$1.4 billion** in federal TANF funds directly on child care, compared to **\$1.5 billion** in FY 2018, a decrease of **9 percent** (\$139 million).²⁹ A total of **18 states** decreased the amount of federal TANF funds spent directly on child care when compared to expenditures in FY 2018.

States transferred a total of **\$2.4 billion** from TANF to CCDBG and SSBG in FY 2019, a decrease of **7 percent** (\$196 million) from the FY 2018 transfer amount. While transfers to both CCDBG and SSBG decreased in FY 2019, this change is largely due to the decrease in state transfers to CCDBG. In FY 2019, **\$1.3 billion** in federal TANF funds were transferred to CCDBG, a decrease of **13 percent** (\$196 million) from FY 2018—while transfers to SSBG decreased by less than **1 percent** (\$298,000).³⁰ **Four states**—Alaska, Indiana, Maine, and Nebraska—transferred the maximum amount allowed (30 percent of their TANF block grant) to CCDBG and SSBG. **Eleven states**—Florida, Idaho, Iowa, Massachusetts, Montana, New Mexico, Oklahoma, Pennsylvania, Utah, Vermont, and Wisconsin—transferred 25 to 29 percent of TANF funds to a combination of CCDBG and SSBG.³¹

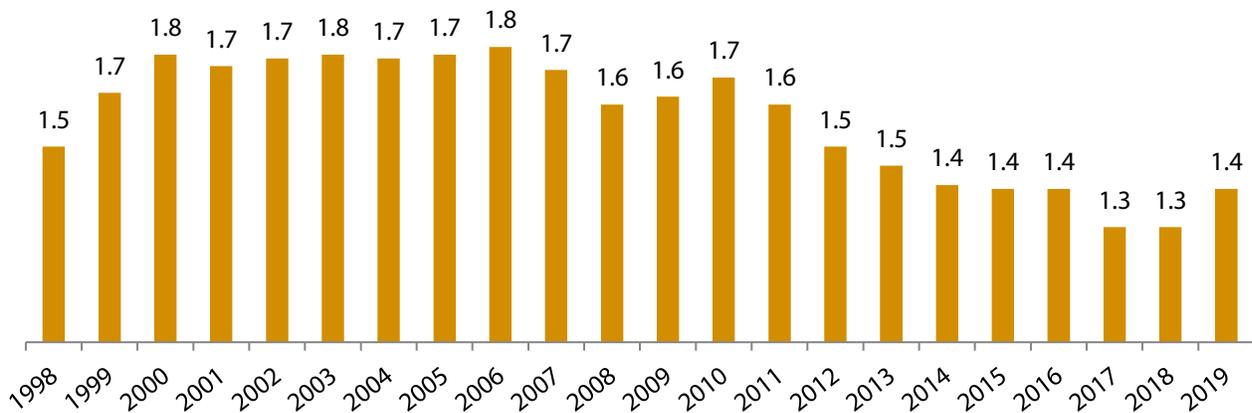
However, states spent nearly **\$1.6 billion** in additional state TANF MOE funds to support child care assistance. TANF MOE requires states to continue to spend at least 75 percent of the amount they did prior to “welfare reform”³² in 1996 on programs serving families with low incomes, including child care. Since CCDBG and TANF both require MOE spending, the funds for each program’s MOE requirement can be “double counted” toward the minimum requirement for each.

For example, a state that reported spending \$2 million on TANF MOE can also use the same \$2 million to fulfill the CCDBG MOE requirement. Conversely, a state that reported spending \$5 million on TANF MOE for child care and \$2 million on CCDBG MOE had excess TANF MOE expenditures of \$3 million. A total of **21 states** had TANF MOE expenditures that exceeded the amount reportedly spent through CCDBG, to account for the nearly **\$1.6 billion** in additional TANF MOE funds spent on child care.³³

Participation in CCDBG

Number of Children Served

Figure 2. Average Monthly Number of Children Served in CCDBG, Federal FY 1998-2019 (in millions)

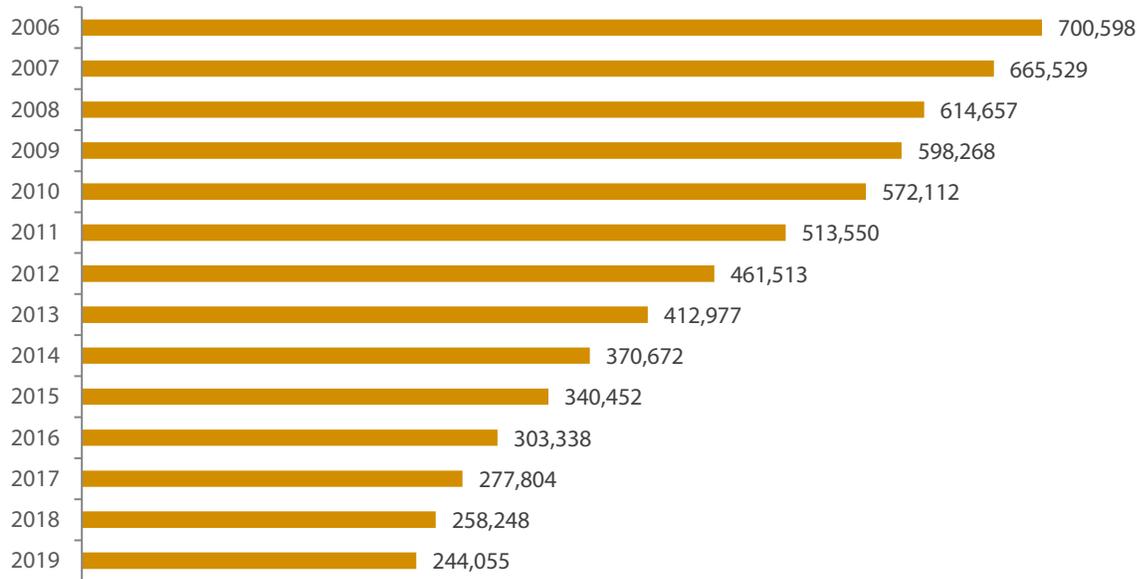


In an average month in FY 2019, **1.4 million** children received subsidies for child care, a **6 percent** increase (84,300 children) from FY 2018.³⁴ While the number of children receiving CCDBG-funded care increased nationally for the first time since FY 2010, the increase was not consistent across all states. **Twenty-four states** served fewer children in 2019 compared to the previous year (see Appendix B). New York had the biggest decrease with **12,800** fewer children served, a 13 percent reduction when compared to FY 2018. New Mexico had the biggest percentage decrease, with a **41 percent drop** (7,900 fewer children) in FY 2019 when compared to FY 2018. On the other hand, Georgia had the largest percentage increase, with over **54 percent** more children (29,000) receiving CCDBG funding. Texas had the greatest overall increase in children served, with over **31,400** additional children receiving access to CCDBG subsidies.

Even with this increase in children served between FY 2018 and FY 2019, **341,600** fewer children had access to CCDBG-funded assistance in FY 2019 than in FY 2006—when the largest number of children were served through CCDBG. This is a decrease of **19 percent**. Even at the current funding levels, most eligible children still are not reached through the program. Recent estimates show that only 1 in 7 eligible children nationally received subsidized care.³⁵

Number of Providers Participating

Figure 3. Number of Child Care Providers Receiving CCDF Funds, Federal FY 2006-2019



Source: Administration for Children and Families, Office of Child Care administrative data, 2006 -2019. Total includes data for territories.

The number of child care providers receiving CCDF funds was at an all-time low in FY 2019, with only **244,055 providers** accepting children with CCDBG subsidies.³⁶ This was a **6 percent** decrease between FY 2019 and FY 2018. The number of providers accepting CCDF funds decreased in 41 states and D.C. between FY 2018 and FY 2019. The largest percentage decreases were in Washington (**30 percent**); Hawaii (**23 percent**); Missouri (**19 percent**); North Dakota (**18 percent**); Delaware (**17 percent**); and West Virginia (**16 percent**).³⁷ Since FY 2006, the number of providers accepting CCDF funds has decreased by **65 percent**.

Looking Ahead

The FY 2019 **\$1.1 billion** increase in child care assistance spending was a step in the right direction. These funds went toward helping more families with low incomes afford child care and continuing to help states fully fund CCDBG's 2014 reauthorization. This was reflected in the slight increase in children served through CCDBG in FY 2019, when compared to the previous year.

Yet, while the **\$13.3 billion** in FY 2019 expenditures marked a new record—above the **\$13 billion** in FY 2007—CCDBG continued to serve fewer children than the nearly 1.8 million served in its peak year, 2006. Approximately **341,600** fewer children have access to CCDBG-funded assistance in FY 2019 than in FY 2006 despite the higher funding level. This means hundreds of thousands of fewer children and their families without access. And access to child care assistance through CCDBG can act as a lifeline for those who would likely be unable to afford their current child care without additional assistance.

Decades of insufficient federal investments make it more difficult for recent increases in funding and expenditures to have deep impacts on expanding access for children and families. This is because those funds are often needed to fill the gaps created by decades of underinvestment; they often are not enough to address bigger, systemic problems. Large increases in annual discretionary appropriations, like the historic **\$2.4 billion** CCDBG discretionary increase in FY 2018, are rare. In fact, the combined increases in annual discretionary appropriations for CCDBG between FY 2019 and FY 2022 (**\$939 million**)³⁸ do not even equal half of the total increase from FY 2018.

Since CCDBG did not receive continued significant, sustained increases in annual investments following the FY 2018 boost, states desperately need more investments. These investments could help increase access to affordable child care beyond the estimated 1 in 7 eligible children who currently have access across the nation.

Although the most recently available data for CCDBG spending and participation is from FY 2019—and, therefore, it does not reflect the impacts of the ongoing COVID-19 health crisis—the devastation caused by COVID-19 cannot be overlooked. The pandemic continues to exacerbate longstanding systemic issues, including decades of insufficient federal investments, which impact access, affordability, and child care workers' wages.

Even before the devastating harm of the pandemic, most families struggled to overcome barriers to finding high-quality care that could fully meet their needs. Those who could find child care struggled to afford the high costs. Despite these high costs for families, child care workers—who are disproportionately Black, Hispanic, immigrant, and other women of color—are paid very low wages and child care providers operate on thin margins. This is because parent fees alone are simply not enough to cover quality wages for child care workers and business costs for child care business owners. When coupled with systemic racism and discrimination, communities with low incomes that also identify as communities of color experience intersecting racial and economic inequities that further exacerbate harms. These intersecting inequities result in disparities in access, affordability, quality, and workforce compensation.

In response to needs related to COVID-19, the federal government provided more than **\$50 billion** in much-needed relief through the 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act; Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, 2021; and the American Rescue Plan (ARP) Act in 2021. These measures have provided critical relief helping child care programs stay open, giving direct funding support for providers, and securing affordable care for many families during an incredibly challenging time. However, these resources are short term and were intended to address a crisis.

In looking ahead, children and families, as well as the dedicated providers and early educators who care for them, need consistent, significant funding. Such investments should address the continued recovery from COVID-19 and longstanding systemic issues around affordability, provider costs, wages, access, and equity.

Appendix A. Total Child Care Assistance Spending by State

State	Total Child Care Spending (CCDBG and TANF) FY 2018	Total Child Care Spending (CCDBG and TANF) FY 2019	Dollar Change (FY 2018 – 2019) ³⁹	Percent Change (FY 2018 – 2019) ⁴⁰
Alabama	\$128,928,686	\$178,059,365	\$49,130,679	38%
Alaska	\$38,967,363	\$35,635,532	-\$3,331,831	-9%
Arizona	\$155,444,380	\$167,535,175	\$12,090,795	8%
Arkansas	\$64,921,364	\$74,228,285	\$9,306,921	14%
California	\$1,586,672,204	\$2,261,477,546	\$674,805,342	43%
Colorado	\$143,758,417	\$161,559,405	\$17,800,988	12%
Connecticut	\$117,149,639	\$131,166,182	\$14,016,543	12%
Delaware	\$95,993,921	\$150,952,925	\$54,959,004	57%
District of Columbia	\$73,462,131	\$67,413,428	-\$6,048,703	-8%
Florida	\$726,846,930	\$715,510,268	-\$11,336,662	-2%
Georgia	\$245,948,373	\$363,673,325	\$117,724,952	48%
Hawaii	\$38,031,316	\$42,036,643	\$4,005,327	11%
Idaho	\$44,489,848	\$43,551,096	-\$938,752	-2%
Illinois	\$880,036,123	\$1,199,377,617	\$319,341,494	36%
Indiana	\$234,623,288	\$239,316,841	\$4,693,553	2%
Iowa	\$121,589,984	\$110,214,752	-\$11,375,232	-9%
Kansas	\$55,285,025	\$69,476,817	\$14,191,792	26%
Kentucky	\$120,069,546	\$153,825,510	\$33,755,964	28%
Louisiana	\$160,469,618	\$112,922,691	-\$47,546,927	-30%
Maine	\$39,072,513	\$37,745,687	-\$1,326,826	-3%
Maryland	\$144,983,896	\$182,456,210	\$37,472,314	26%

State	Total Child Care Spending (CCDBG and TANF) FY 2018	Total Child Care Spending (CCDBG and TANF) FY 2019	Dollar Change (FY 2018 – 2019) ³⁹	Percent Change (FY 2018 – 2019) ⁴⁰
Massachusetts	\$485,353,062	\$346,925,874	-\$138,427,188	-29%
Michigan	\$310,305,075	\$317,605,061	\$7,299,986	2%
Minnesota	\$289,977,523	\$413,404,077	\$123,426,554	43%
Mississippi	\$74,477,298	\$114,910,901	\$40,433,603	54%
Missouri	\$181,781,207	\$187,485,698	\$5,704,491	3%
Montana	\$29,975,026	\$29,172,202	-\$802,824	-3%
Nebraska	\$67,472,565	\$81,758,749	\$14,286,184	21%
Nevada	\$80,342,203	\$85,243,314	\$4,901,111	6%
New Hampshire	\$34,987,694	\$38,448,347	\$3,460,653	10%
New Jersey	\$344,313,565	\$425,918,091	\$81,604,526	24%
New Mexico	\$101,088,343	\$97,977,491	-\$3,110,852	-3%
New York	\$660,566,420	\$996,892,091	\$336,325,671	51%
North Carolina	\$440,335,378	\$435,837,923	-\$4,497,455	-1%
North Dakota	\$17,391,932	\$19,915,108	\$2,523,176	15%
Ohio	\$681,811,164	\$713,602,545	\$31,791,381	5%
Oklahoma	\$159,931,338	\$154,550,191	-\$5,381,147	-3%
Oregon	\$93,647,904	\$111,017,978	\$17,370,074	19%
Pennsylvania	\$702,898,873	\$893,949,255	\$191,050,382	27%
Rhode Island	\$63,582,801	\$40,956,054	-\$22,626,747	-36%
South Carolina	\$89,368,412	\$96,189,071	\$6,820,659	8%
South Dakota	\$19,108,869	\$21,631,911	\$2,523,042	13%
Tennessee	\$137,173,330	\$152,847,722	\$15,674,392	11%
Texas	\$755,825,088	\$880,755,000	\$124,929,912	17%

State	Total Child Care Spending (CCDBG and TANF) FY 2018	Total Child Care Spending (CCDBG and TANF) FY 2019	Dollar Change (FY 2018 – 2019) ³⁹	Percent Change (FY 2018 – 2019) ⁴⁰
<i>Utah</i>	\$97,864,724	\$103,834,210	\$5,969,486	6%
<i>Vermont</i>	\$27,982,705	\$52,058,663	\$24,075,958	86%
<i>Virginia</i>	\$199,435,959	\$242,032,453	\$42,596,494	21%
<i>Washington</i>	\$381,726,662	\$253,571,767	-\$128,154,895	-34%
<i>West Virginia</i>	\$64,705,930	\$62,797,909	-\$1,908,021	-3%
<i>Wisconsin</i>	\$306,486,509	\$257,053,145	-\$49,433,364	-16%
<i>Wyoming</i>	\$15,818,403	\$15,534,259	-\$284,144	-2%
<i>National Total</i>	\$12,172,147,495	\$13,263,202,439	\$1,091,054,944	9%

Appendix B. Average Monthly Number of Children Served by State, 2006-2019

State	2006	2018 ⁴¹	2019 ⁴²	Change in # of Children Served (FY 2018-2019) ⁴³	Change in # of Children Served (FY 2006-2019) ⁴⁴
Alabama	28,000	27,900	33,400	5,500	5,400
Alaska	4,900	3,000	3,300	300	-1,600
Arizona	30,200	27,100	28,900	1,800	-1,300
Arkansas	5,600	4,800	8,400	3,600	2,800
California	175,500	112,000	131,200	19,200	-44,300
Colorado	16,300	20,400	17,800	-2,600	1,500
Connecticut	10,100	16,200	14,000	-2,200	3,900
Delaware	7,500	7,300	6,200	-1,100	-1,300
District of Columbia	3,700	1,100	1,500	400	-2,200
Florida	108,600	99,100	97,700	-1,400	-10,900
Georgia	64,600	24,600	53,600	29,000	-11,000
Hawaii	8,600	3,900	3,000	-900	-5,600
Idaho	9,900	7,100	6,700	-400	-3,200
Illinois	82,200	44,200	54,200	10,000	-28,000
Indiana	32,800	25,700	29,200	3,500	-3,600
Iowa	19,400	18,100	17,800	-300	-1,600
Kansas	22,400	10,000	10,300	300	-12,100
Kentucky	28,900	18,000	20,100	2,100	-8,800
Louisiana	39,100	17,400	16,700	-700	-22,400
Maine	5,400	4,100	4,700	600	-700
Maryland	22,900	13,700	18,300	4,600	-4,600
Massachusetts	32,100	26,900	29,200	2,300	-2,900
Michigan	87,800	39,700	38,100	-1,600	-49,700

State	2006	2018 ⁴¹	2019 ⁴²	Change in # of Children Served (FY 2018-2019) ⁴³	Change in # of Children Served (FY 2006-2019) ⁴⁴
Minnesota	27,300	20,400	20,300	-100	-7,000
Mississippi	39,100	16,400	20,900	4,500	-18,200
Missouri	33,600	35,900	33,000	-2,900	-600
Montana	4,800	3,700	3,600	-100	-1,200
Nebraska	13,100	9,500	9,300	-200	-3,800
Nevada	6,000	8,800	9,700	900	3,700
New Hampshire	7,500	4,900	4,500	-400	-3,000
New Jersey	37,900	44,100	45,800	1,700	7,900
New Mexico	21,600	19,500	11,600	-7,900	-10,000
New York	123,700	102,200	89,400	-12,800	-34,300
North Carolina	79,900	48,500	53,100	4,600	-26,800
North Dakota	4,000	2,700	2,700	0	-1,300
Ohio	39,900	50,300	48,200	-2,100	8,300
Oklahoma	25,000	27,700	28,400	700	3,400
Oregon	20,200	13,400	13,000	-400	-7,200
Pennsylvania	82,800	99,700	99,300	-400	16,500
Rhode Island	7,100	6,500	4,200	-2,300	-2,900
South Carolina	19,700	11,600	11,000	-600	-8,700
South Dakota	4,900	3,600	3,600	0	-1,300
Tennessee	42,500	22,400	22,400	0	-20,100
Texas	126,200	115,000	146,400	31,400	20,200
Utah	13,000	12,100	12,400	300	-600
Vermont	6,800	3,300	2,900	-400	-3,900
Virginia	27,900	18,000	18,700	700	-9,200
Washington	53,200	38,200	34,000	-4,200	-19,200
West Virginia	9,300	8,300	9,600	1,300	300

State	2006	2018 ⁴¹	2019 ⁴²	Change in # of Children Served (FY 2018-2019) ⁴³	Change in # of Children Served (FY 2006-2019) ⁴⁴
<i>Wisconsin</i>	29,500	16,500	17,900	1,400	-11,600
<i>Wyoming</i>	4,700	3,000	2,900	-100	-1,800
<i>National Total</i>	1,770,100	1,344,200	1,428,500	84,300	-341,600

Endnotes

¹ García, J., Heckman, J., Leaf, D., and Prados, M., “Quantifying the Life-Cycle Benefits of an Influential Early-Childhood Program,” *Journal of Political Economy*, 128 (7), 2020,

<https://www.journals.uchicago.edu/doi/abs/10.1086/705718?af=R&mobileUi=0&>.

² “History and Purposes of CCDBG and CCDF,” *Administration for Children and Families, Child Care Technical Assistance Network*, <https://childcareta.acf.hhs.gov/ccdf-fundamentals/history-and-purposes-ccdbg-and-ccdf>, 2021.

³ This funding provides states with much needed monetary support to subsidize the cost of child care for working families who earn below 85 percent of the state median income (SMI).

⁴ “The Economics of Childcare Supply,” *U.S. Department of The Treasury*, September 2021,

<https://home.treasury.gov/system/files/136/The-Economics-of-Childcare-Supply-09-14-final.pdf>.

⁵ “Child Care in the FY 2018 Omnibus,” *Center for Law and Social Policy*, March 2018,

<https://www.clasp.org/sites/default/files/publications/2018/03/Child%20Care%20in%20the%20FY%202018%20Omnibus.pdf>.

⁶ Rebecca Ullrich, Stephanie Schmit, Katherine Gallagher Robbins, “Child Care is Key to Our Economic Recovery: What it will take to stabilize the system during the coronavirus crisis,” *Center for Law and Social Policy*, April 2020,

<https://www.clasp.org/publications/report/brief/child-care-key-our-economic-recovery/>.

⁷ CLASP Calculations of “Table 4a - All Expenditures by State- Categorical Summary (FY 2019),” January 2021, *Administration for Children and Families: Office of Child Care*, <https://www.acf.hhs.gov/occ/data/table-4a-all-expenditures-state-categorical-summary-fy-2019> and “Fiscal Year 2019 TANF Financial Data,” February 2021, *Administration for Children and Families: Office of Family Assistance, U.S. Department of Health and Human Services*, <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2019>.

⁸ A portion of child care assistance spending counted as CCDBG are funds that were transferred from TANF and spent as CCDGB funds. This is because once funds are transferred from TANF to CCDBG they are not distinguished as originating from TANF-related funds.

⁹ Calculations and data in this fact sheet include totals from territories when applicable.

¹⁰ States may claim child care spending toward both TANF and CCDBG MOE. Total TANF MOE spent on child care was \$2.1 billion in 2018 and \$2.14 billion in 2019. In our sum of total expenditures, we exclude \$855 million in TANF MOE that could be “double counted” as CCDBG MOE and TANF MOE.

¹¹ Total combined spending does not include TANF transfer to CCDBG. This is because these funds, once transferred, are spent as CCDBG discretionary funds.

¹² Due to stagnant TANF funding that has not kept pace with inflation, increases in TANF for child care often come at the expense of cash assistance or other needed supports for families with low incomes. To address this, and more meaningfully invest in supports across the range of families’ needs, policymakers should increase TANF funding.

¹³ “Table 4a - All Expenditures by State- Categorical Summary (FY 2019),” January 2021, *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, <https://www.acf.hhs.gov/occ/data/table-4a-all-expenditures-state-categorical-summary-fy-2019>.

¹⁴ States obligate funds by officially committing them to a specific use. Funds are liquidated once the obligations have been paid.

¹⁵ “Child Care and Development Fund Fiscal Year 2019 State and Territory Spending from all Award Years,” Table 1 – Expenditures in FY 2019 by Award Year, *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, January 2021, <https://www.acf.hhs.gov/occ/data/ccdf-expenditures-overview-fy-2019-all-appropriation-years>.

¹⁶ “Child Care and Development Fund Fiscal Year 2018 State Spending from all Award Years,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, June 2020,

<https://www.acf.hhs.gov/occ/data/ccdf-expenditures-overview-fy-2018-all-appropriation-years>.

¹⁷ Beginning in FY 2018, the Office of Child Care (OCC) clarified the distinction between Fiscal Year (FY) and Grant Year (GY). FY refers to the period from October 1 through September 30. GY refers to the year the funds were awarded, although states and territories may liquidate some CCDF funding streams in later fiscal years.

¹⁸ “Child Care and Development Fund Fiscal Year 2019 State and Territory Spending from all Award Years,” Table 1 – Expenditures in FY 2019 by Award Year, *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, January 2021, <https://www.acf.hhs.gov/occ/data/ccdf-expenditures-overview-fy-2019-all-appropriation-years>.

¹⁹ Funding includes allocations to the program via the annual appropriations process as well as mandatory funds, which are appropriated under Section 419 of the Social Security Act (42 U.S.C. 618).

²⁰ The share of funds a state is responsible for contributing to access the full amount of available federal funds. The amount of state match funds required by each state is determined by the **Federal Medical Assistance Percentages** (FMAPs).

²¹ MOE funds are a required minimum spending amount that states are obligated to pay to access all available federal funds. The amount a state must pay is based on how much that state spent on child care prior to 1996 through Aid to Families and Dependent Children (AFDC)-related programs. States must pay between 75 to 80 percent of this spending level to meet this requirement.

²² “GY 2019 CCDF Table 4b - Matching Categorical Summary,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, January 2021, <https://www.acf.hhs.gov/occ/data/gy-2019-ccdf-table-4b-matching-categorical-summary-qe-9-30-2019>.

²³ “GY 2019 CCDF Table 5b - Matching State Share Summary,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, January 2021, <https://www.acf.hhs.gov/occ/data/gy-2019-ccdf-table-5b-matching-state-share-summary-qe-9-30-2019>.

²⁴ One limitation to the data is that, since states are not required to report spending above the match state requirement, the list of states provided by the Office of Child Care may not be the only states with excess state match funds.

²⁵ “GY 2019 CCDF Table 8b - Maintenance of Effort (MOE) Summary,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, January 2021, <https://www.acf.hhs.gov/occ/data/gy-2019-ccdf-table-8b-maintenance-effort-moe-summary-qe-9-30-2019>.

²⁶ One limitation to the data is that since states are not required to report spending above the MOE requirement, the list of states provided by the Office of Child Care may not be the only states with excess state MOE funds.

²⁷ “Fiscal Year 2019 TANF Financial Data,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2021, <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2019>.

²⁸ “Fiscal Year 2019 TANF Financial Data,” Table A.1. Federal TANF and State MOE Expenditures Summary by ACF-196 Spending Category, *The Administration for Children and Families: Office of Family Assistance, U.S. Department of Health and Human Services*, February 2021, <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2019>.

²⁹ “TANF Financial Data - FY 2019 Table C.1 Fiscal Year 2019 TANF Financial Data,” Table C.1: Federal TANF Expenditures in FY 2019, *The Administration for Children and Families: Office of Family Assistance, U.S. Department of Health and Human Services*, February 2021, <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2019>.

³⁰ CLASP calculation based on: “Fiscal Year 2019 TANF Financial Data,” Table A.6 Summary Federal Funds FY 2019, February 2021, <https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2019> and “Fiscal Year 2018 TANF Financial Data,” Table A.6 Summary Federal Funds FY 2018, *The Administration for Children and Families: Office of Family Assistance, U.S. Department of Health and Human Services*, September 2019,

<https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2018>.

³¹ *ibid*, CLASP calculation based on: “Fiscal Year 2019 TANF Financial Data” and “Fiscal Year 2018 TANF Financial Data.”

³² The term “welfare reform” is a reference to the set of policies established in the mid-1990s that restricted funding and access to public benefits programs by repealing the Aid to Families and Dependent Children entitlement program and shifting to a block grant funding structure through the Temporary Assistance for Needy Family program. This period of reform was fueled by racist narratives about Black and Hispanic families’ dependence on and misuse of public assistance programs, and the need to create more restrictive programs to reduce this perceived problem.

³³ The 21 states with TANF MOE expenditures that exceeded the amount reportedly spent through CCDBG in FY 2019 were: California, Colorado, Delaware, D.C., Florida, Hawaii, Illinois, Indiana, Louisiana, Maine, Minnesota, Missouri, New Jersey, North Carolina, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, Vermont, and Wisconsin.

³⁴ “FY 2019 Data Table 1 - Average Monthly Adjusted Number of Families and Children Served,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, May 2022,

<https://www.acf.hhs.gov/occ/data/fy-2019-final-data-table-1>.

³⁵ Nina Chien, “Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2018,” *Office of the Assistant Secretary for Planning & Evaluation, U.S. Department of Health and Human Services*, August 2021,

<https://aspe.hhs.gov/sites/default/files/2021-08/cy-2018-child-care-subsidy-eligibility.pdf>.

³⁶ “FY 2019 Data Table 7 - Number of Child Care Providers Receiving CCDF Funds,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, May 2022,

<https://www.acf.hhs.gov/occ/data/fy-2019-final-data-table-7>.

³⁷ CLASP calculations based on: “FY 2019 Data Table 7 - Number of Child Care Providers Receiving CCDF Funds,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, May 2022,

<https://www.acf.hhs.gov/occ/data/fy-2019-final-data-table-7> and “FY 2018 Data Table 7 - Number of Child Care Providers Receiving CCDF Funds,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, May 2021, <https://www.acf.hhs.gov/occ/data/fy-2018-final-data-table-7>.

³⁸ CLASP calculation based on the federal annual discretionary appropriations increase from FY 2019 – FY 2022: \$50 million in FY 2019; \$550 million in FY 2020; \$85 million in FY 2021; and \$254 million in FY 2022.

³⁹ Dollar amounts in red indicate a decrease in total child care spending, combined CCDBG and TANF dollars, between FY 2018 and FY 2019.

⁴⁰ Percentages in red indicate a percent decrease in total child care spending, combined CCDBG and TANF dollars, between FY 2018 and FY 2019.

⁴¹ “FY 2018 Final Data Table 1 – Average Monthly Adjusted Number of Families and Children,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, May 2021,

<https://www.acf.hhs.gov/occ/data/fy-2018-final-data-table-1>.

⁴² “FY 2019 Final Data Table – 1 Average Monthly Adjusted Number of Families and Children Served,” *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, May 2022,

<https://www.acf.hhs.gov/occ/data/fy-2019-final-data-table-1>.

⁴³ Values in red indicate a decrease in the number of children served, between FY 2018 and FY 2019.

⁴⁴ Values in red indicate a decrease in the number of children served, between FY 2006 and FY 2019.