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CHILD CARE ASSISTANCE SPENDING & PARTICIPATION IN 2020

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INTRODUCTION

Access to child care is pivotal in ensuring that parents and caregivers can work, go to school, and take care of other responsibilities while knowing their children are being cared for in a safe and stable setting. However, child care has long been unaffordable and inaccessible for the vast majority of those who could benefit from it. This is why the funding that states receive through the Child Care Development Fund (CCDF), the primary federal funding source to help families with low incomes access child care, has become a crucial support for many families across the country.[1] However, Congress has never funded child care at the level needed to serve all eligible families. In recent estimates, only about one in six eligible[2] families received support from the program.[3] Limited federal investments mean far too many families do not receive this critical support.

Further, the historic disparities and structural racism found in the child care system, a reflection of broader systemic racism, creates additional barriers for families with low incomes who are also families of color. This is manifested in the child care system in many ways, including biases against families of color for not deserving support, difficult eligibility requirements, and low wages for child care providers.

This has had, and continues to have, negative impacts for Black providers and families as well as other families and providers of color.[4] Policies and practices that often exclude, marginalize, or disproportionately harm people of color are rooted in racism. The impacts of both have intensified and become increasingly evident due to the COVID-19 pandemic.

Funding for the CCDF is provided 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. In addition to CCDF, states can receive additional child care funding through the Temporary Assistance for Needy Families (TANF) block grant.

In 2014, Congress reauthorized the CCDBG Act to create significant improvements through statutory changes focused on reforming child care by increasing access to safe and high-quality child care.[5] The reauthorization dictated major regulatory improvements to the program.

In FY2018, federal funding for CCDBG increased by $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.[6] Since states have multiple years to spend funds, the increase in FY2018 can still be seen in FY2020 spending for child care assistance. The amount each state receives is determined through a formula that considered factors such as the number of children receiving free or reduced-price lunches, the state share of children younger than five, and the state's per capita income.[7]

This brief analyzes national and state spending and participation data for CCDBG- and TANF-funded child care for FY2020. Although the terms *spending* and *funding* are sometimes used interchangeably, for the context of this report they mean different things. This report will focus on expenditures or how states *spent* funds to support child care assistance. It will also analyze participation data for the number of children served and providers serving through CCDF funding. Because of the delay in data publication, these data are only beginning to show the impacts of the COVID-19 pandemic on child care. This is critically important as the impacts of the pandemic will not be fully realized in the data in this report. FY2020 began on October 1, 2019, and ended on September 30, 2020. As the pandemic began to affect the child care sector starting in March 2020, these data only look at the first six months of the pandemic. We expect that future ACF administrative data will help us more fully understand the pandemic impacts to the CCDF program.

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic had a significant impact on the child care sector, affecting children and families, child care providers, and the overall economy. Many providers were forced to temporarily close their doors due to lockdowns and social distancing measures. In a survey conducted by the National Association for the Education of Young Children (NAEYC) in March 2020, nearly half of the providers reported that they could not survive being closed for more than two weeks without significant public investments.[8] Even when some were able to reopen to provide child care for essential workers, many operated at reduced capacities, leading to a significant disruption in the availability of services.

Providers also faced increased operational costs associated with strict health and safety guidelines. In a similar survey from NAEYC in December 2020, 91 percent of providers reported additional costs for cleaning supplies, 73 percent reported additional costs for personal protective equipment, and 60 percent reported additional costs for staff or personnel.

Additionally, 42 percent of providers reported taking on debt to finance their programs and 60 percent reported they reduced expenses by engaging in layoffs, furloughs, or pay cuts.[9] Higher costs coupled with reduced enrollment meant that providers faced financial challenges and some even permanently closed.

Parents also faced challenges during this time. The RAPID national household survey, which was created to understand the experiences of families with young children in the U.S. during the pandemic, revealed that families with young children who were unable to find care or encountered disruptions to their current child care arrangements also had increased emotional distress for both parents and their children.[10] Similarly, the U.S. Census Bureau Household Pulse Survey, conducted in July 2020, found that 1 in 5 working-age adults attributed their unemployment to COVID-19-related disruptions to their child care arrangements."[11] Among those, women ages 25-44 were "almost three times as likely as men to not be working due to childcare demands."[12]

The pandemic highlighted the existing vulnerabilities and disparities in the child care system.[13] It underscored the importance of affordable, accessible child care not just for families and children, but for the economy as a whole. The pandemic also exacerbated 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 experienced barriers to accessing high-quality care that could fully meet their needs. Those who could find child care struggled to afford the high costs. The detrimental impacts of the pandemic have caused policymakers, business leaders, and the public to better recognize the child care industry's critical role in the economic stability of families and society.

COVID-19 RELIEF FUNDING

In FY2020, Congress appropriated $3.5 billion in supplemental discretionary funding for the CCDF through the discretionary Coronavirus Aid, Relief, And Economic Security (CARES) Act funds.[14, 15] The act required states to supplement state funds that were already being used to provide child care assistance, not replace them. The funds were intended to provide child care assistance to emergency and frontline workers, help stabilize the child care workforce, and help providers remain open in the wake of the COVID-19 pandemic.[16]

The funds were administered through the CCDF. But, because of the nature of the funds, state child care agencies could exempt the funding from minimum spending requirements for CCDF like direct child care services and quality investments. States were also able to disregard income eligibility requirements when providing child care assistance to essential workers, regardless of whether they'd received public funding to serve children pre-pandemic. In response to the crisis, lead agencies also implemented policies including paying providers based on enrollment; waiving or reducing parent copays; and increasing payments to providers.[17]

This brief will include spending from the CARES Act, including its impact on state expenditures and children served because of the pandemic. However, it does not reflect the significant COVID-relief funding for child care assistance in the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) and American Rescue Plan Act (ARPA) spending packages that were passed after the end of FY2020.

To date, Congress has delivered more than $50 billion to support children, families, and early educators across the country through child care relief resources. In total, this relief came from the authorizations listed in figure 1.[18]

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FIGURE 1: FEDERAL CHILD CARE COVID-19 RELIEF FUNDING

Date Signed into Law	Authorizing Legislation	Total Amount	Obligation & Liquidation Deadlines
March 2020	Coronavirus Aid, Relief, and Economic Security (CARES) Act	$3.5 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funding	Obligation: September 30, 2022 Liquidation: September 30, 2023
December 2020	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)	$10 billion in supplemental CCDBG discretionary funding	Obligation: September 30, 2022 Liquidation: September 30, 2023
March 2021	American Rescue Plan Act (ARPA)	Nearly $24 billion for the Child Care Stabilization Program	Obligation: September 30, 2022 Liquidation: September 30, 2023
		Almost $15 billion in supplemental CCDBG discretionary funding	Obligation: September 30, 2023 Liquidation: September 20, 2024
		A permanent increase ($633 million) in annual mandatory Child Care Entitlement to States funding to $3.55 billion	

Source: H.R. 748 of January 3, 2020, Coronavirus Aid, Relief, and Economic Security Act, https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf; H.R. 133 of December 27, 2020, Consolidated Appropriations Act, 2020, https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf; and H.R. 1319 of March 11, 2021, American Rescue Plan Act of 2021, https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf.

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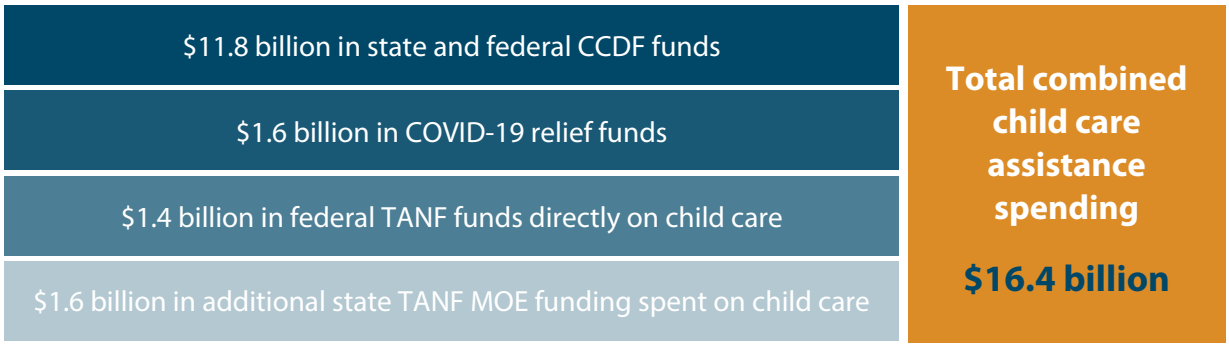
TOTAL COMBINED CHILD CARE ASSISTANCE SPENDING[19]

For FY2020, the total combined spending on child care assistance included state and federal CCDF, disaster relief funds, CARES Act funds, funds transferred from TANF to CCDF, and TANF funds spent directly on child care assistance. In FY2020, **82 percent** of total child care assistance spending was from CCDF, and **18 percent** was from TANF-related funds.[20, 21]

CCDF and TANF stipulate that each state must spend a minimum threshold of funds—known as maintenance of effort (MOE)—to receive the full federal funds available for child care assistance.

WHAT DID TOTAL SPENDING IN 2020 INCLUDE?[22]



TOTAL COMBINED SPENDING INCLUDING COVID-19 RELIEF FUNDING

Including COVID-19 relief resources, the total combined child care spending in FY2020 was $16.4 billion, a **23 percent** increase from FY2019.[23] This boost is attributed to increases in both CCDF spending and the additional pandemic relief resources, which collectively increased CCDF spending by **30 percent** ($3.1 billion).

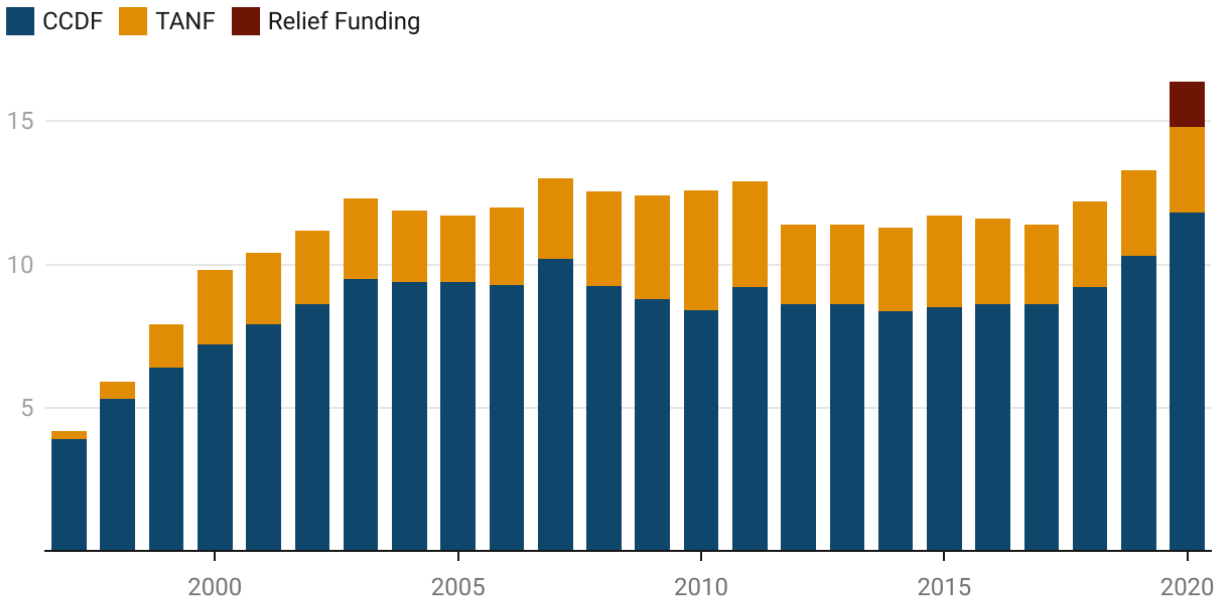
When including relief resources, **47 states** increased total combined spending from FY2019 to FY2020 (see Appendix B). Tennessee had the largest percentage increase at **126 percent** ($193 million), while the District of Columbia had the largest percentage decrease of **26 percent** ($21 million).[24]

TOTAL COMBINED SPENDING NOT INCLUDING COVID-19 RELIEF FUNDING

Total combined child care spending in FY2020 without COVID-19 relief resources totaled $14.8 billion—an **11 percent** ($1.5 billion) increase from FY2019. Not including COVID-19 relief resources, **37 states** increased total combined spending from FY2019 to FY2020.

Even without the relief funding, Tennessee had the largest percentage increase of **79 percent** ($121 million), while the District of Columbia had the largest percentage decrease of **33 percent** ($27 million).[25]

FIGURE 2: TOTAL COMBINED CHILD CARE SPENDING (IN BILLIONS), 1997-2030



Source: CLASP calculations of administrative data from the Administration for Children and Families, Office of Child Care. Total spending includes data for territories. • Created with Datawrapper

CHILD CARE AND DEVELOPMENT FUND SPENDING[26]

Annual CCDF expenditures encompass all federal and state funds that were spent in FY2020 as well as those appropriated in prior years because states are given several years to obligate (officially commit funds for specific use) and liquidate (pay for the obligations) the funds (see Appendix A).[27] Of the **$13.4 billion**[28] (an increase of $3.1 billion[29] above FY2019) of combined federal and state funds that were spent, **$8.8 billion** was awarded in Grant Year (GY)[30] 2020: **$3.8 billion** was awarded in GY2019, and **$763 million** was awarded in GY2018.[31] The ability to spend funds across multiple years, combined with additional state resources, often makes annual child care *spending* higher than annual *funding*.[32]

TOTAL CCDF EXPENDITURES

The expenditures for the CCDF consisted of funds utilized from various state and federal funding channels including federal discretionary, federal mandatory, federal match, state match, and MOE. In addition, states received and spent additional funding in FY2020 such as CARES funding, which amounted to **$1.6 billion**.[33, 34]

In FY2020, the **$13.4 billion** reported CCDF expenditure was **30 percent** ($3.1 billion) higher than the previous year, with **48 states** reporting higher overall expenditures.[35] Tennessee had the largest percentage increase at **126 percent** ($193 million), while Nebraska had the largest percentage decrease of **11 percent** ($8 million).[36] Even without relief funding, the **$11.8 billion** reported FY2020 CCDF expenditure was **14 percent** (1.5 billion) more than in FY2019, with **40 states** reporting higher expenditures.

FEDERAL

In FY2020, expenditures of federal CCDF funds totaled **$11.3 billion** with COVID-19 relief funding and **$9.6 billion** without it. This includes federal discretionary expenditures totalling **$6.8 billion**, an increase of **21 percent** ($1.2 billion) when compared to FY2019. The federal mandatory expenditures amounted to **$1.14 billion**, which marked a **3 percent** ($38.6 million) increase when compared to FY2019. Additionally, federal matching expenditures totaled **$1.7 billion** in FY2020, a **12 percent** ($179 million) increase from FY2019.

STATE

Every year, states are required to provide funding for child care in the form of a state match, which is determined by the Federal Medical Assistance Percentages (FMAPs),[37] and MOE funds, which are based on the amount a state spent on child care before 1996 through Aid to Families and Dependent Children (AFDC)-related programs. In FY2020, state matching and MOE expenditure funds totaled **$2.1 billion**. To access the entirety of available federal CCDF funds, states must spend a minimum required amount of state match[38] and MOE[39] funds. If a state does not meet these minimum spending thresholds, it effectively forfeits funds. In such cases, those federal resources are reallocated in subsequent years to other states that have fulfilled the matching fund requirements.

Almost all states met their CCDF match, with Kansas being the only state to not provide enough funding to draw down all federal matching funds. As a result, Kansas left **$71,240** to be redistributed in the following GY.[40] While states are required to spend a minimum amount for a state match, **17 states**[41] reported surpassing their state match requirement to receive their complete allocation.[42] Approximately **$125 million** was reported as excess in FY2020.[43] This may be attributed to the temporary increase of 6.2 percentage points to states' FMAP as authorized by the Families First Coronavirus Response Act (FFCRA). The increased FMAP was retroactive to January 1, 2020. The Consolidated Appropriations Act started to phase down this increase on April 1, 2023. The percentage point increase was reduced to 5.0 as of April 1, 2023; 2.5 as of July 1, 2023; and will be further reduced to 1.5 as of October 1, 2023. The temporary increase will end entirely as of January 1, 2024.

CCDF Expenditures FY2019	CCDF Expenditures FY2020
• $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	• $6.8 billion in federal discretionary • $1.1 billion in federal mandatory • $1.7 billion in federal match • $1.2 billion in state match • $909 million in state MOE • *$1.6 billion in discretionary CARES**
TOTAL: $10.3 billion	**TOTAL without COVID-19 relief funding: $11.8 billion**
	TOTAL with COVID-19 relief funding: $13.4 billion

* One-time funding. Arkansas additionally used $5,725 of discretionary disaster relief funds in FY 2020.

STATE SPENDING REQUIREMENTS

States must meet certain spending requirements. For example, child care agencies must spend at least 70 percent of a state's CCDF funding on direct assistance, which includes subsidies to help families pay for child care services. In FY2020, states spent **74 percent** ($9.9 billion) of total federal and state expenditures on direct child care services.[44] States also have spending requirements on quality spending and infant and toddler quality spending (12 percent total, including 9 percent on quality and 3 percent on infant-toddler quality).[45] In 2020, states and territories spent **13 percent** ($1.7 billion) on quality activities and **3 percent** ($427 million) on activities to improve the supply and quality of care for infants and toddlers.[46] States also have limits on the amount of funding they can spend on other costs, such as administrative activities and non-direct services. In FY2020, states spent **2 percent** ($296 million) on administrative activities and **8 percent** ($1.1 billion) on non-direct services, which included **$436 million** on child care computer information systems, **$284 million** on certificate programs and eligibility determinations, and **$334 million** on other costs.[47]

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TANF FUNDS USED FOR CHILD CARE ASSISTANCE[48]

In addition to CCDF funding, states can use TANF funds in a variety of ways. They can spend these funds directly on child care; transfer up to 30 percent of their TANF funds to CCDF; or use up to 30 percent of a combination of CCDF and the Social Services Block Grant (SSBG) funds.

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. Further, states can spend beyond the minimum required TANF funds to support child care assistance. States can also use funds meant to satisfy TANF MOE requirements to count toward meeting CCDF MOE requirements. Both additional state TANF MOE funds spent on child care and federal TANF funds directly spent on child care decreased in FY2020 by less than **1 percent** ($1.3 million and $587 thousand, respectively).

In FY2020, child care was the second largest use of total TANF funds, with **12 percent** of funds being used (the largest use was basic assistance).[49] Of those funds, states spent **$1.4 billion** in federal TANF funds directly on child care, a decrease of **less than 1 percent** ($586,698).[50] However, in FY2020, $1.6 billion in additional TANF MOE funds were spent on child care and $1.4 billion were spent directly on children. When compared to FY2019 expenditures, a total of **21 states** decreased the amount of federal TANF funds spent directly on child care.

States transferred a total of **$2.6 billion** from TANF to CCDF and SSBG in FY2020, an increase of **6 percent** ($148 million) when compared to FY2019. Of the **$2.6 billion** transferred from TANF to CCDF and SSBG in FY2020, **$1.4 billion** was transferred to CCDF, representing an increase of **10 percent** ($135 million) when compared to FY2019. Transfers from TANF to SSBG totaled $1.1 billion, an increase of **1 percent** ($12 million) when compared to the previous year.[51] Only **2 states**—Alaska and Indiana—transferred the maximum amount allowed (30 percent of their TANF block grant) to CCDF and SSBG. An additional **15 states**—Alabama, Florida, Idaho, Iowa, Massachusetts, Montana, Nebraska, New Mexico, Oklahoma, Pennsylvania, Tennessee, Utah, Vermont, Washington, and Wisconsin—transferred 25 to 29 percent of TANF funds to a combination of CCDF and SSBG.[52]

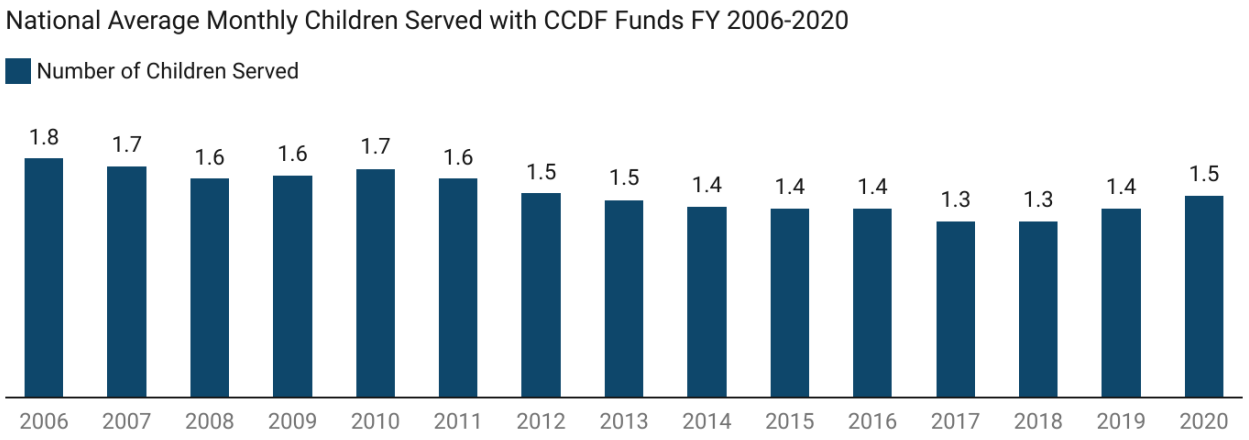
States spent nearly **$1.6 billion** in additional state TANF MOE funds to support child care assistance. The rules for these funds require states to continue to spend at least 75 percent of the amount they did before "welfare reform"[53] in 1996 on programs serving families with low incomes, including on child care. Since CCDF and TANF both have MOE spending requirements, the funds for each program's MOE requirement amount 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 CCDF MOE requirement. Conversely, a state that reported spending $5 million on TANF MOE for child care and $2 million on CCDF MOE had excess TANF MOE expenditures of $3 million. A total of **22 states** had TANF MOE expenditures that exceeded the amount spent through CCDF, accounting for the nearly **$1.6 billion** in additional TANF MOE funds spent on child care.[54]

PARTICIPATION IN CCDF

NUMBER OF CHILDREN SERVED

In FY2020, nearly **1.5 million** children received subsidies for child care, an increase of **4 percent** (60,700 children) from the previous year.[55] While the number of children receiving CCDF-funded care increased nationally for the second year in a row, this increase was inconsistent across all states, as **29 states** served fewer children compared to the previous year (see Appendix C).

FIGURE 3: NUMBER OF CHILDREN SERVED IN CCDF (IN MILLIONS)



Source: Administration for Children and Families, Office of Child Care administrative data. Total includes data for territories. • Created with Datawrapper

North Carolina had the biggest decrease in the number of children served with **12,600** fewer children, a **24 percent** reduction when compared to FY2019. Montana had the biggest percentage decrease with a **56 percent** drop (2,000 fewer children) in FY2020. On the other hand, Tennessee had the largest percentage increase, with **70 percent** more children (15,700) receiving CCDF funding. California had the greatest overall increase in the number of children served, with **69,600** additional children receiving access to CCDF subsidies.

Even with the recent increases in FY2019 and FY2020, **280,900** (16 percent) fewer children had access to CCDF-funded assistance in 2020 than in 2006—the year with the largest number of children served through CCDF. Even at the current funding levels, most eligible children are still not reached through the program.

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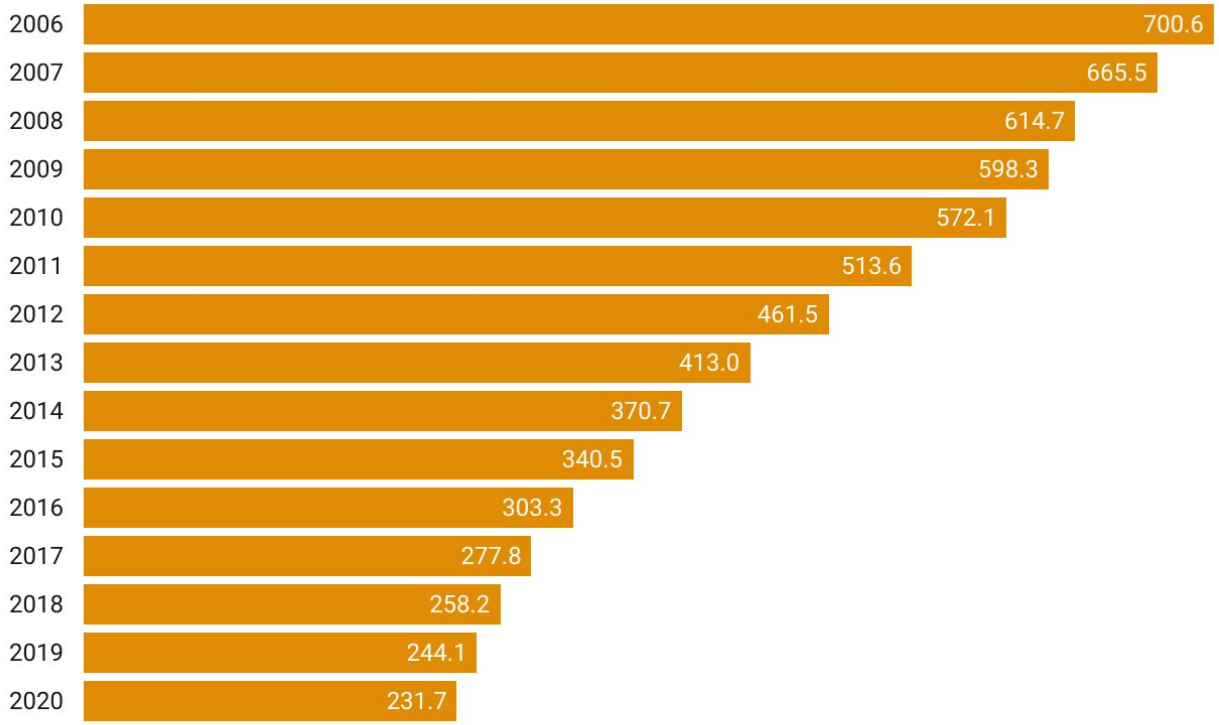
NUMBER OF PROVIDERS PARTICIPATING

The number of child care providers receiving CCDF funds was at an all-time low in FY2020, with only **231,723 providers** accepting children with CCDF subsidies.[56] This was a **5 percent** decrease between FY2019 and FY2020. The number of providers accepting CCDF subsidies decreased in **37 states and D.C.** during this time. The largest percentage decreases were in New Hampshire (**33 percent**), Louisiana (**31 percent**), New York (**21 percent**), Washington (**20 percent**), Nevada (**18 percent**), and North Dakota (**17 percent**).[57] Since 2006, the number of providers accepting CCDF subsidies has decreased by **67 percent**.

FIGURE 4: NUMBER OF CHILD CARE PROVIDERS RECEIVING CCDF FUNDS, FEDERAL FY 2006-2020 (IN THOUSANDS)



Source: Administration for Children and Families, Office of Child Care administrative data. Total includes data for territories. • Created with Datawrapper

LOOKING AHEAD

Building on the increase in FY2019, the FY2020 **$3.1 billion**—or **$1.5 billion** without the COVID-19 relief funding—increase in child care assistance spending was necessary and came at a very critical time.

While the **$16.4 billion**—or **$14.8 billion** without the COVID-19 relief funding—in FY2020 expenditures marked a new record, CCDF continued to serve fewer children than the nearly **1.8 million** served in 2006, its peak year. Approximately **280,900** fewer children had access to CCDF-funded assistance in FY2020 than in FY2006, despite the higher funding level. This meant that hundreds of thousands of fewer children and their families were without access to a lifeline for care. This all comes at the heels of the compounding impacts of the pandemic such as rising costs of living and a decrease in available child care providers.

Despite these high costs for families, child care workers—who are disproportionately immigrant and/or Black, Hispanic, and other women of color as compared to the overall workforce[58,59]—are paid very low wages, and child care providers operate on thin profit margins. 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 or provide the workforce with adequate and fair compensation. This has led many child care providers to either leave the system or no longer accept children with subsidies, as evidenced by the steep decline in providers accepting CCDF funds laid out above. Because child care policies and resources were designed on racist ideas of who deserved help accessing care and has always undervalued the work of women of color, particularly Black women, communities with low incomes experience intersecting racial and economic inequities. These inequities result in disparities in access, affordability, quality, and job quality for those in the child care field. The COVID-19 pandemic has only worsened this crisis.

In response to pandemic-related needs, the federal government provided more than $50 billion in relief through the 2020 CARES Act, the CRRSA Act of 2021, and the ARP Act of 2021. These measures have provided critical support in helping child care programs stay open, giving direct funding assistance to providers, and securing affordable care for many families during an incredibly challenging time. However, these short-term resources were intended to address a crisis, not create a sustainable path forward for the program.

The child care sector urgently needs investments to ensure children, families, and providers can continue down the path of positive improvements and not backslide from the recovery and success of the last few years. The data in this report only begins to paint the early picture of the pandemic's impact. There is much more to learn as data from 2021 and beyond are made publicly available and we understand the full impact the pandemic had on the CCDF program, children's access, and providers' ability to continue to stay in the program. In looking ahead at future iterations of this analysis we will continue to expand on the compounding COVID-19 relief funding and its impact on children and families, as well as the dedicated providers and early educators who care for them. While it is crucial to support the recovery of the child care system, we must also focus on building a more equitable, accessible child care assistance program that is sustainable in the long term. Future investments should address not only the continued recovery from COVID-19, but also the longstanding systemic issues around the affordability of care, business costs, provider wages, access to care for families, and equity in CCDF.

APPENDIX A

Periods of Availability for CCDF Funds

Funding Type	Obligation Date	Liquidation Date
Discretionary Funds	Two Years	Three Years
Mandatory Funds	Two Years	No Deadline
Matching Funds	Same year they are appropriated	Two Years

Matching funds that are unobligated at the end of the fiscal year are returned to the Treasury for reallocation the subsequent year.

Source: Administration for Children and Families, Office of Child Care. • Created with Datawrapper

APPENDIX B: TOTAL CHILD CARE SPENDING IN 2020- INCLUDING COVID-19 RELIEF FUNDING

State	Total Child Care Spending (CCDF and TANF) FY2019[60]	Total Child Care Spending, including COVID-19 relief funds (CCDF and TANF) FY2020[61]	Dollar Change (FY2019 – 2020)	Percent Change (FY2019 – 2020)
Alabama	$172,549,094	$223,067,384	$50,518,290	29%
Alaska	$35,059,393	$40,930,285	$5,870,892	17%
Arizona	$167,535,175	$311,991,364	$144,456,189	86%
Arkansas	$76,888,022	$115,105,334	$38,217,312	50%
California	$1,722,866,782	$1,907,877,107	$185,010,325	11%
Colorado	$151,305,227	$186,017,189	$34,711,962	23%
Connecticut	$116,360,154	$133,545,210	$17,185,056	15%
Delaware	$101,785,766	$120,777,775	$18,992,009	19%
District of Columbia	$82,191,758	$61,224,262	-$20,967,496	-26%
Florida	$671,395,773	$1,051,810,166	$380,414,393	57%
Georgia	$363,673,325	$467,769,445	$104,096,120	29%
Hawaii	$32,065,013	$42,978,015	$10,913,002	34%
Idaho	$46,688,439	$57,591,294	$10,902,855	23%
Illinois	$930,290,795	$1,001,378,269	$71,087,474	8%
Indiana	$260,555,306	$360,421,890	$99,866,584	38%
Iowa	$124,844,673	$139,129,792	$14,285,119	11%
Kansas	$62,803,793	$82,596,547	$19,792,754	32%
Kentucky	$133,479,006	$182,118,104	$48,639,098	36%
Louisiana	$102,180,721	$183,316,047	$81,135,326	79%
Maine	$47,520,047	$59,064,799	$11,544,752	24%
Maryland	$188,040,875	$280,701,312	$92,660,437	49%
Massachusetts	$500,184,870	$429,396,773	-$70,788,097	-14%

State	Total Child Care Spending (CCDF and TANF) FY2019[60]	Total Child Care Spending, including COVID-19 relief funds (CCDF and TANF) FY2020[61]	Dollar Change (FY2019 – 2020)	Percent Change (FY2019 – 2020)
Michigan	$298,075,970	$335,560,104	$37,484,134	13%
Minnesota	$296,149,286	$315,119,990	$18,970,704	6%
Mississippi	$113,195,471	$118,393,222	$5,197,751	5%
Missouri	$184,316,911	$202,176,254	$17,859,343	10%
Montana	$28,481,357	$35,231,778	$6,750,421	24%
Nebraska	$75,259,751	$67,253,009	-$8,006,742	-11%
Nevada	$70,600,791	$116,465,869	$45,865,078	65%
New Hampshire	$33,866,575	$36,697,760	$2,831,185	8%
New Jersey	$380,514,914	$513,371,836	$132,856,922	35%
New Mexico	$97,977,491	$117,092,654	$19,115,163	20%
New York	$894,908,242	$1,109,474,257	$214,566,015	24%
North Carolina	$545,784,113	$704,033,182	$158,249,069	29%
North Dakota	$18,798,213	$19,505,079	$706,866	4%
Ohio	$749,726,054	$892,569,224	$142,843,170	19%
Oklahoma	$149,114,258	$232,441,032	$83,326,774	56%
Oregon	$109,742,235	$127,874,542	$18,132,307	17%
Pennsylvania	$772,839,274	$894,931,973	$122,092,699	16%
Rhode Island	$73,225,424	$69,357,381	-$3,868,043	-5%
South Carolina	$92,103,802	$135,588,602	$43,484,800	47%
South Dakota	$20,828,997	$24,807,377	$3,978,380	19%
Tennessee	$152,847,722	$346,073,150	$193,225,428	126%
Texas	$880,755,000	$1,151,028,721	$270,273,721	31%
Utah	$102,735,586	$139,645,452	$36,909,866	36%
Vermont	$30,199,722	$34,739,979	$4,540,257	15%
Virginia	$221,294,165	$279,768,122	$58,473,957	26%
Washington	$301,142,565	$334,800,645	$33,658,080	11%
West Virginia	$66,876,517	$91,348,351	$24,471,834	37%
Wisconsin	$347,379,316	$405,357,567	$57,978,251	17%
Wyoming	$15,309,443	$19,044,137	$3,734,694	24%
National Total	**$13,263,202,439**	**$16,361,825,756**	**$3,098,623,317**	**23%**

APPENDIX C: NUMBER OF CHILDREN SERVED

State	Children Served by CCDF in FY2006[62]	Children Served by CCDF in FY2019[63]	Children Served by CCDF in FY2020[64]	Change in # of Children Served (FY2019-2020)	Change in # of Children Served (FY2006-2020)
Alabama	28,000	33,400	32,400	-1,000	4,400
Alaska	4,900	3,300	2,500	-800	-2,400
Arizona	30,200	28,900	34,600	5,700	4,400
Arkansas	5,600	8,400	11,400	3,000	5,800
California	175,500	131,200	200,800	69,600	25,300
Colorado	16,300	17,800	17,100	-700	800
Connecticut	10,100	14,000	11,400	-2,600	1,300
Delaware	7,500	6,200	5,800	-400	-1,700
District of Columbia	3,700	1,500	1,600	100	-2,100
Florida	108,600	97,700	109,100	11,400	500
Georgia	64,600	53,600	54,600	1,000	-10,000
Hawaii	8,600	3,000	2,600	-400	-6,000
Idaho	9,900	6,700	6,900	200	-3,000
Illinois	82,200	54,200	50,500	-3,700	-31,700
Indiana	32,800	29,200	30,700	1,500	-2,100
Iowa	19,400	17,800	16,400	-1,400	-3,000
Kansas	22,400	10,300	11,700	1,400	-10,700
Kentucky	28,900	20,100	20,800	700	-8,100
Louisiana	39,100	16,700	19,700	3,000	-19,400
Maine	5,400	4,700	4,800	100	-600
Maryland	22,900	18,300	19,600	1,300	-3,300
Massachusetts	32,100	29,200	28,700	-500	-3,400
Michigan	87,800	38,100	34,000	-4,100	-53,800
Minnesota	27,300	20,300	21,600	1,300	-5,700
Mississippi	39,100	20,900	22,100	1,200	-17,000
Missouri	33,600	33,000	28,700	-4,300	-4,900
Montana	4,800	3,600	1,600	-2,000	-3,200
Nebraska	13,100	9,300	7,500	-1,800	-5,600
Nevada	6,000	9,700	9,100	-600	3,100
New Hampshire	7,500	4,500	4,200	-300	-3,300
New Jersey	37,900	45,800	42,700	-3,100	4,800
New Mexico	21,600	11,600	10,900	-700	-10,700
New York	123,700	89,400	78,200	-11,200	-45,500
North Carolina	79,900	53,100	40,500	-12,600	-39,400
North Dakota	4,000	2,700	2,400	-300	-1,600
Ohio	39,900	48,200	56,200	8,000	16,300
Oklahoma	25,000	28,400	24,900	-3,500	-100
Oregon	20,200	13,000	12,500	-500	-7,700

State	Children Served by CCDF in FY2006[62]	Children Served by CCDF in FY2019[63]	Children Served by CCDF in FY2020[64]	Change in # of Children Served (FY2019-2020)	Change in # of Children Served (FY2006-2020)
Pennsylvania	82,800	99,300	96,000	-3,300	13,200
Rhode Island	7,100	4,200	3,200	-1,000	-3,900
South Carolina	19,700	11,000	11,700	700	-8,000
South Dakota	4,900	3,600	3,400	-200	-1,500
Tennessee	42,500	22,400	38,100	15,700	-4,400
Texas	126,200	146,400	147,100	700	20,900
Utah	13,000	12,400	12,400	0	-600
Vermont	6,800	2,900	2,200	-700	-4,600
Virginia	27,900	18,700	19,400	700	-8,500
Washington	53,200	34,000	29,600	-4,400	-23,600
West Virginia	9,300	9,600	9,700	100	400
Wisconsin	29,500	17,900	18,400	500	-11,100
Wyoming	4,700	2,900	2,600	-300	-2,100
National Total	**1,770,100**	**1,428,500**	**1,489,200**	**60,700**	**-280,900**

ENDNOTES

[1] For the purpose of this report, we will be referring to the program and the act that authorizes it (CCDBG) interchangeably, using the acronym CCDF.

[2] Under federal rules, 12.5 million children were potentially eligible for child care subsidies in an average month in 2019 (the most recent data available). A child who is "potentially" eligible means that while these children were eligible under federal rules, they may or may not have been actually eligible to receive subsidies under state rules. Federal eligibility rules are: (1) The child must be under age 13 (or be under age 19 if the child has a disability or is in foster care); (2) The child's family income must be less than 85 percent of the state median income (SMI) for a family of the same size in a given state; (3) The child's parents must be working, searching for work, or participating in education or training activities.

[3] Nina Chien, Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2019, Office of the Assistant Secretary for Planning & Evaluation, United States Department of Health and Human Services, September 2022, **https://www.aspe.hhs.gov/sites/default/files/documents/1d276a590ac166214a5415bee430d5e9/cy2019-child-care-subsidy-eligibility.pdf.**

[4] Karen Babbs Hollett and Erica Frankenberg. "A Critical Analysis of Racial Disparities in ECE Subsidy Funding," *Education Policy Analysis Archives,* February 2022, **https://doi.org/10.14507/epaa.30.7003**.

[5] "Child Care and Development Fund Final Rule Frequently Asked Questions," *Department of Health and Human Services, Administration for Children and Families, Office of Child Care,* December 2016, **https://www.acf.hhs.gov/occ/faq/child-care-and-development-fund-final-rule-frequently-asked-questions**.

[6] "Child Care in the FY2018 Omnibus," Center for Law and Social Policy, March 2018, **https://www.clasp.org/wp-content/uploads/2022/01/Child-Care-in-the-FY-2018-Omnibus.pdf**.

[7] "Fundamentals of CCDF Administration: Allocation Formulas," *Child Care Technical Assistance Network, U.S. Department of Health & Human Services*, n.d., **https://childcareta.acf.hhs.gov/ccdf-fundamentals/allocation-formulas.**

[8] "A State-by-State Look at the Ongoing Effects of the Pandemic on Child Care," National Association for the Education of Young Children (NAEYC), March 2020, **https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/resources/topics/ongoing_effect_of_pandemic.naeyc_state_by_state.pdf.**

[9] "State Data Child Care Providers are Sacrificing to Stay Open and Waiting for Relief," National Association for the Education of Young Children (NAEYC), December 2020, **https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/naeyc_state_data.policy_crisis_coronavirus_december_survey.pdf.**

[10] Two Years in the Life of a Pandemic: Listening To the Voices of Parents, The Rapid Assessment of Pandemic Impact on Development (RAPID) project, Mat 2020, **https://rapidsurveyproject.com/our-research/two-years-in-the-life-of-a-pandemic.**

[11] Misty L. Heggeness and Jason M. Fields, "Working Moms Bear Brunt of Home Schooling While Working During COVID-19," *Census Bureau*, August 2020, **https://www.census.gov/library/stories/2020/08/parents-juggle-work-and-child-care-during-pandemic.html.**

[12] Ibid.

[13] Shiva Sethi, Christine Johnson-Staub, and Katherine Gallagher Robbins, "An Anti-Racist Approach to Supporting Child Care Through COVID-19 and Beyond," *Center for Law and Social Policy,* 2020, **https://www.clasp.org/publications/report/brief/antiracist-approach-supporting-child-care-through-covid-19-and-beyond**.

[14] For this report, we will be referring to the discretionary disaster relief funds and the discretionary Coronavirus Aid, Relief, And Economic Security (CARES) Act funds as "COVID-19 relief funds."

[15] Coronavirus Aid, Relief, and Economic Security Act or the CARES Act, *United States Congress,* March 2020, **https://www.congress.gov/bill/116th-congress/house-bill/748.**

[16] "Summary of Child Care Provisions of Coronavirus Aid, Relief, and Economic Security Act or "CARES Act", *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, April 2020, **https://www.acf.hhs.gov/occ/policy-guidance/summary-child-care-provisions-coronavirus-aid-relief-and-economic-security-act.**

[17] "Summary of Child Care Provisions of Coronavirus Aid, Relief, and Economic Security Act or "CARES Act", *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, April 2020, **https://www.acf.hhs.gov/occ/policy-guidance/summary-child-care-provisions-coronavirus-aid-relief-and-economic-security-act.**

[18] H.R. 748 of January 3, 2020, "Coronavirus Aid, Relief, and Economic Security Act," **https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf**, H.R. 133 of December 27, 2020, "Consolidated Appropriations Act, 2021," **https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf**, and H.R. 1319 of March 11, 2021, "American Rescue Plan Act of 2021," **https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf**.

[19] CLASP Calculations of **"**Child Care and Development Fund Fiscal Year 2020," Table 4a- All Expenditure by State, *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/table-4a-all-expenditures-state-categorical-summary-fy-2020,** and "TANF Financial Data – FY2020," *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services,* September 2021, **https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2020**.

[20] These percentages include the temporary COVID-19 relief funding that was spent as a result of the COVID-19 pandemic.

[21]A portion of child care assistance spending counted as CCDF are funds that were transferred from TANF and spent as CCDF funds. This is because once funds are transferred from TANF to CCDBG they are not distinguished as originating from TANF-related funds and are treated as CCDBG discretionary resources.

[22] Total combined spending does not differentiate TANF transfer funds from CCDF funds as once these funds are transferred, they are spent as CCDF discretionary funds.

[23] Calculations and data in this brief include totals from territories when applicable.

[24] Florida had the largest dollar amount increase in total spending at $380 million (57 percent) and Massachusetts had the largest dollar amount decrease totaling $71 million (14 percent).

[25] Florida had the largest dollar amount increase in total funding at $254 million (38 percent), while Massachusetts had the largest dollar amount decrease totaling $71 million (14 percent).

[26] Child Care and Development Fund Fiscal Year 2020, "Table 4a- All Expenditure by State," *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/table-4a-all-expenditures-state-categorical-summary-fy-2020.**

[27] "CCDF Fiscal Year 2020 State Spending From All Appropriation Years," *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/ccdf-fiscal-year-2020-state-spending-all-appropriation-years.**

[28] This includes COVID-19 relief funding.

[29] "Child Care and Development Fund Fiscal Year 2020 State and Territory Spending from all Award Years," Table 1 – Expenditures in FY2020 by Award Year, *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/table-1a-expenditures-fy-2020-appropriation-year.**

[30] The Office of Child Care (OCC) started to differentiate between Fiscal Year (FY) and Grant Year (GY). FY pertains to the timeframe starting from October 1 through September 30. GY indicates the year that funds were awarded, although states and territories have the option to use some CCDF funding streams in later fiscal years.
[31] "Child Care and Development Fund Fiscal Year 2020 State and Territory Spending from all Award Years," Table 1 – Expenditures in FY2020 by Award Year, *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/table-1a-expenditures-fy-2020-appropriation-year.**
[32] 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).
[33] Child Care and Development Fund Fiscal Year 2020, Table 4a- All Expenditure by State, *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/table-4a-all-expenditures-state-categorical-summary-fy-2020.**
[34] In addition to CARES funding, Arkansas also used $5,725 of discretionary disaster relief funds in FY2020.
[35] Florida reported the largest CCDF spending increase of $343 million (66 percent), and Nebraska reported the largest spending decrease of $8 million (11 percent) as compared to FY2019.
[36] Florida had the largest dollar amount increase in total spending at $380 million (57 percent) and Massachusetts had the largest dollar amount decrease totaling $71 million (14 percent).
[37] Federal Medical Assistance Percentages or Federal Financial Participation in State Assistance Expenditures, Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services, n.d., **https://aspe.hhs.gov/federal-medical-assistance-percentages-or-federal-financial-participation-state-assistance.**
[38] 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).
[39] MOE funds are a required minimum spending amount that states are obligated to pay to access all available federal funds.
[40] "GY 2020 CCDF Table 4b - Matching Categorical Summary (Quarter End Date: 9/30/2020)," *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, August 2022, **https://www.acf.hhs.gov/occ/data/gy-2020-ccdf-table-4b-matching-categorical-summary-qe-9-30-2020**.
[41] States that reported expenditures of state funds above the non-federal share amount required to draw down their full allotment of FY2020 federal matching funds include Alaska, California, Colorado, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Texas, and West Virginia.
[42] 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.
[43] Child Care and Development Fund Fiscal Year 2020, Table 5b- "GY 2020 CCDF Table 5b - Matching State Share Summary (Quarter End Date: 9/30/2020)," *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, August 2022, **https://www.acf.hhs.gov/occ/data/gy-2020-ccdf-table-5b-matching-state-share-summary-qe-9-30-2020#2.**
[44] "CCDF Fiscal Year 2020 State Spending From All Appropriation Years," *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/ccdf-fiscal-year-2020-state-spending-all-appropriation-years.**
[45] Child Care and Development Fund Fiscal Year 2020, Table 3a- All Expenditure by State, *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/table-3a-all-expenditures-state-detailed-summary-fy-2020.**

[46] "CCDF Fiscal Year 2020 State Spending From All Appropriation Years," *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/ccdf-fiscal-year-2020-state-spending-all-appropriation-years.**

[47] Child Care and Development Fund Fiscal Year 2020, Table 3a- All Expenditure by State, *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/table-3a-all-expenditures-state-detailed-summary-fy-2020.**

[48] "TANF Financial Data - FY 2020," *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services,* September 2021, **https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2020**.

[49] "TANF Financial Data - FY 2020" Table A.1. Federal TANF and State MOE Expenditures Summary by ACF-196 Spending Category, FY 2020, *The Administration for Children and Families: Office of Family Assistance, U.S. Department of Health and Human Services*, September 2021, **https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2020**.

"TANF Financial Data - FY 2020," Table C.1. Federal TANF Expenditures in FY 2020, *The Administration for Children and Families: Office of Family Assistance, U.S. Department of Health and Human Services,* September 2021, **https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2020**.

[51] CLASP calculation based on: "TANF Financial Data - FY 2020," Table A.6 Summary Federal Funds FY 2020, September 2021, **https://www.acf.hhs.gov/ofa/data/tanf-financial-data-fy-2020** and "TANF Financial Data - FY 2019," Table A.6 Summary Federal Funds 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**.

[52] CLASP calculation based on: "TANF Financial Data - FY 2020" and "TANF Financial Data - FY 2019."

[53] 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.

[54] The 22 states with TANF MOE expenditures that exceeded the amount reportedly spent through CCDF in FY 2020 were California, Colorado, Delaware, D.C., Florida, Idaho, Illinois, Indiana, Louisiana, Maine, Minnesota, Montana, New Hampshire, New Jersey, North Carolina, North Dakota, Ohio, Pennsylvania, Rhode Island, Utah, Vermont, and Wisconsin.

[55] "FY 2020 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-2020-preliminary-data-table-1**.

[56] "FY 2020 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-2020-preliminary-data-table-7**.

[57] CLASP calculations based on: "FY 2020 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-2020-preliminary-data-table-7** and "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-preliminary-data-table-7**.

[58] Economic Policy Institute (EPI) analysis of Current Population Survey basic monthly microdata, EPI Current Population Survey Extracts, Version 1.0.18, 2021, **https://microdata.epi.org**.

[59] Asha Banerjee, Elise Gould, and Marokey Sawo, "Setting higher wages for child care and home health care workers is long overdue," *EPI*, November 2021, **https://www.epi.org/publication/higher-wages-for-child-care-and-home-health-care-workers**.

[60] Child Care and Development Fund Fiscal Year 2019, **"**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.**

[61] Child Care and Development Fund Fiscal Year 2020, "Table 4a- All Expenditure by State," *Administration for Children and Families: Office of Child Care, U.S. Department of Health and Human Services*, February 2023, **https://www.acf.hhs.gov/occ/data/table-4a-all-expenditures-state-categorical-summary-fy-2020.**

[62] "FY 2006 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, July 2008, **https://www.acf.hhs.gov/occ/data/fy-2006-ccdf-data-tables-final**.

[63] "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**.

[64] "FY 2020 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-2020-preliminary-data-table-1**.