

CHILD CARE ASSISTANCE 101

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Question: Why is access to child care important for families?

Answer: Child care helps **parents or caregivers work**, look for jobs, attend school and trainings, and tend to other responsibilities while their children are receiving early care and education that is safe, stable, and developmentally appropriate. It is a critical support for family well-being and economic stability.

Question: What is the primary federal funding source for child care assistance?

Answer: The **Child Care and Development Fund (CCDF)** provides child care assistance through subsidies for families with low incomes and helps improve the overall quality of care for all children in states, tribes, and territories. CCDF is **made up of** the Child Care and Development Block Grant (CCDBG), a discretionary funding stream (which is determined annually by Congress during appropriations) and the Child Care Entitlement to States (CCES), a mandatory funding stream (which is consistent and guaranteed funding that can only be changed through distinct legislation).

Question: How much funding does CCDF receive?

Answer: In fiscal year (FY) 2025, CCDF was funded at **\$12.2 billion**, \$8.75 billion from the CCDBG and \$3.55 billion from the CCES. This is **level funding** from FY2024.

Question: What role do states play in financing child care assistance?

Answer: To draw down all available federal dollars, states are required to **contribute funding** toward their CCDF-funded child care assistance program through a state match and a “maintenance of effort” (MOE). Territories and tribes are exempt from this requirement. States must **match** their CCES dollars at their state’s **Federal Medical Assistance Percentages (FMAPs)** rate. MOE requires states to **continue spending** at least the same amount on child care services as they did prior to reauthorization of CCDBG in 1996. States can also invest more than the requirements to support their programs.

Question: How are CCDF resources distributed to states, tribes, and territories?

Answer: In addition to their mandatory funds from CCES, the amount of money each state and territory receives annually is calculated using a **formula** that considers factors like the state share of children younger than five, the state's per capita income, and the number of children receiving free or reduced-price lunches. A portion (typically around two percent) of discretionary funding and up to two percent of mandatory funding must be reserved for tribal child care, whose funds are distributed based on a formula that considers the number of children under age 13 in the tribal service area and **other program** characteristics.

Question: Are there other federal funding streams that can be utilized alongside CCDF for child care assistance?

Answer: Yes, states can utilize **Temporary Assistance for Needy Families (TANF)** and **Social Services Block Grant (SSBG)** funds for child care. Both of these grants can be spent directly on child care, and states can also **transfer** up to 30 percent of TANF funds to CCDF or **10 percent** to SSBG. However, the total amount transferred to CCDF and SSBG cannot be more than 30 percent of TANF funds that a state received.

Question: Who is eligible to receive child care assistance through CCDF?

Answer: Under **federal law**, eligible children must be age 13 or younger or up to 19 for those with disabilities or under court supervision; reside with a caregiver(s) that is working or attending school or training programs; have a family income that does not exceed 85 percent of their state median income (SMI); and is in a family who does not have more \$1 million in assets. States have the ability to modify most eligibility parameters within the confines of the federal law, including, for example, establishing lower income eligibility limits. **Many states** do set their threshold below the federal limit of 85 percent SMI due to constrained funding.

Question: How many children are served by CCDF?

Answer: According to the most recently published data, in FY2022, **1,434,900** children were served by CCDF in states and territories. In FY2023, the Administration for Children and Families reported that **17,000 children** were served by CCDF in tribes. However, this figure is likely an underestimation because **not all** tribal CCDF recipients are required to report the number of children served, and tribal CCDF data is made public less frequently.

Question: How has participation in CCDF shifted over the years?

Answer: Since FY2006, the peak year for participation, to FY2022 (the most recently published data), **335,200 children** lost CCDF-funded child care, because CCDF funding has not kept pace with inflation. There were **225,204 providers** who accept CCDF subsidies in FY2022, a decrease of 68 percent (475,394) from 2006. This decrease is due to a **variety of factors**, including low reimbursement rates from CCDF, administrative burdens in the program, and a decreasing provider workforce rooted in undercompensation and **inequities** in the child care sector.

Question: Do all eligible children receive child care assistance?

Answer: No. In FY2021, **11.5 million children** were eligible under federal rules. Due to the flexibility states have in determining eligibility, 8 million children were eligible to be served by CCDF funds under state rules. The Office of the Assistant Secretary of Planning and Evaluation estimates that approximately 1.8 million children were reached through all funding sources in 2021. This means that only 15 percent of those eligible under federal rules and 22 percent eligible under state rules had access to assistance.

Question: How does access to subsidies differ across racial and ethnic groups?

Answer: In CLASP's **most recent analysis** using FY2020 data, we found that Black and Latino families are overrepresented in who is eligible for care. This means that a racial/ethnic group represents a higher proportion of all eligible children when compared to their proportion of the total population of children. This overrepresentation is a result of historical and current economic **inequity** within some racial and ethnic groups that has led to lower average incomes and created disproportionate need for financial assistance to afford and access child care for these children and their families. Black children had the highest rate of access and Asian and multiracial children had the lowest rates of access nationally when compared to potentially eligible children of other racial and ethnic groups.

Question: What can be done to increase access to and affordability of child care assistance for families with low incomes and support the recruitment and retention of child care providers?

Answer: CCDF has **never been funded** at the level needed to support all eligible children, and even more children could benefit from child care assistance than those who are currently eligible. To deliver on a child care system that truly meets the needs of children and families and to support the severely undervalued child care workforce, there needs to be large-scale, sustained federal investments in a system that aligns with the child care needs of children and families. With these investments, this country must confront and address the ways that racism, sexism, and classism have shaped the devaluation of child care and early education, the many other systems people rely on, and how they continue to directly harm children, families, and providers today.