

## Child Care Assistance

The Child Care and Development Block Grant (CCDBG) provides funding to states for child care assistance and to improve the quality of child care. Most families assisted through CCDBG work at low-wage jobs; a smaller group receives assistance so they can attend job training programs that will help them get a job.

In 2017, funding for CCDBG stands at \$2.9 billion. This discretionary funding is combined with \$2.9 billion in mandatory funding (funding provided outside the annual appropriations process), bringing the total federal investment to \$5.8 billion. The two funding sources together are referred to as the Child Care and Development Fund (CCDF).<sup>6</sup>

Unfortunately, CCDF funding — even when coupled with funding that states are required to spend from their own resources to qualify for the federal funds — falls well short of need. In 2012, fewer than 1 in 6 children eligible for child care assistance under federal law received help from CCDBG or other related federal funding sources (see Figure 3).<sup>7</sup>

Neither discretionary nor mandatory child care funding has kept pace with inflation. The modest increases in discretionary appropriations over the past nine years have not made up for cuts in previous years, leaving funding slightly below its 2002 level, after adjusting for general inflation. Mandatory funding has been flat since 2006 even before adjusting for inflation, corresponding to an inflation-adjusted decline of \$634 million or 18 percent over that period.

Because of this underfunding, the number of children served has fallen over the last decade. According to the latest estimate, CCDF assists 1.4 million children — the fewest on record and 373,000 below its peak in 2006, even though there are more than 1 million *more* children under age 13 in poverty.<sup>8</sup>

Underfunding not only leaves large numbers of children who need child care assistance without help, but also stymies efforts to improve child care quality. Bipartisan legislation that reauthorized

FIGURE 3

### Fewer Than 1 in 6 Children Eligible for Child Care Assistance Receive Help



Source: Department of Health and Human Services

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

<sup>6</sup> This also includes funds from the Temporary Assistance for Needy Families (TANF) block grant that are transferred into the Child Care and Development Fund (CCDF).

<sup>7</sup> Office of the Assistance Secretary for Planning and Evaluation, “Estimates of Child Care Eligibility and Receipt for Fiscal Year 2012,” Department of Health and Human Services (HHS), November 2015, <https://aspe.hhs.gov/pdf-report/estimates-child-care-eligibility-and-receipt-fiscal-year-2012>. This includes approximately 690,000 children who are covered through child care assistance that is financed with TANF funds that are not transferred to CCDF and/or with Social Services Block Grant funds.

<sup>8</sup> Participation estimates from Office of Child Care, “Child Care and Development Fund Statistics,” <https://www.acf.hhs.gov/occ/resource/ccdf-statistics>; poverty estimates from CBPP analysis of Census Bureau’s 2002 and 2016 March Current Population Survey data.

the program in 2014 focused on improving the health and safety standards and the overall quality of child care for recipients of child care assistance. These quality improvements include ensuring all providers and their staff complete health and safety training, pass background checks, and implement regular professional development and staff training. The legislation also sought to improve continuity of care by allowing children to continue receiving child care assistance when their parents lose jobs and are looking for new ones and when parents receive modest raises, and by reducing administrative hurdles that can cause eligible families to lose assistance.<sup>9</sup>

Policymakers increased CCDBG appropriations by about \$300 million in 2016 to implement these reforms, but this is well short of what the program requires to meet the new standards. The non-partisan Center for Law and Social Policy (CLASP) estimates that it would take an additional \$1.4 billion to fully implement the quality improvements in the new law without cutting the number of children assisted. If providers have to absorb the cost of quality improvements without additional funding, CLASP estimates that 217,000 children stand to lose assistance in 2018.<sup>10</sup> Without sufficient funding, therefore, the number of assisted children will likely fall and states will likely skimp on quality improvements that should be undertaken in response to the new law and implementing regulations.

Additional resources could ensure that more children are served and that the quality improvements are made, so that children are safe and well cared for. For example, to return the number of children served just to 2006 levels, CCDBG would need an additional \$2.3 billion in 2018, in addition to the \$1.4 billion needed to implement the quality improvements.<sup>11</sup>

---

<sup>9</sup> For more information, see: “Overview of 2016 Child Care and Development Fund Final Rule,” [https://www.acf.hhs.gov/sites/default/files/occ/ccdf\\_final\\_rule\\_fact\\_sheet.pdf](https://www.acf.hhs.gov/sites/default/files/occ/ccdf_final_rule_fact_sheet.pdf), and “Child Care and Development Fund Program,” *Federal Register* 81(190), <https://www.gpo.gov/fdsys/pkg/FR-2016-09-30/pdf/2016-22986.pdf>.

<sup>10</sup> Stephanie Schmit and Hannah Matthews, “Child Care and Development Block Grant Investment Could Support Bipartisan Reforms, Stop Decline in Children Served,” Center for Law and Social Policy (CLASP), April 2017, <http://www.clasp.org/resources-and-publications/publication-1/1.4-Billion-Needed-for-CCDBG-in-2018.pdf>.

<sup>11</sup> CLASP analysis of Office of Child Care administrative spending and participation data from <https://www.acf.hhs.gov/occ/data>, Congressional Budget Office inflation projections, and HHS cost estimates of implementation of the Child Care and Development Block Grant Act of 2014.