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# **Child Care and Development Block Grant (CCDBG): Brief Introduction**

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**June 4, 2014**

# Agenda

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- Introduction to the CCDBG
- Program Goals
- Program Rules and Flexibility
- Funding Sources
- Historical Appropriations and Expenditures
- Selected Program Statistics
- What's Next?



# Introduction to the CCDBG

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- First enacted as the Child Care and Development Block Grant Act of 1990.
- Reauthorized and amended by the welfare reform law of 1996.
- Authorization expired in FY2002, but discretionary funding has continued via annual appropriations.



# Five Goals of the CCDBG Act

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1. Allow states maximum flexibility in developing their own child care programs.
2. Promote parental choice.
3. Encourage states to provide consumer education information to parents.
4. Help states to provide child care to parents trying to become independent of public assistance.
5. Assist states in implementing health, safety, licensing, and registration standards established in state regulations.



# CCDBG Eligibility Rules

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- **Child:** must be less than 13 years old (or up to 19 in special circumstances).
- **Parent(s):** must be working or in school/training (or child must be in need of protective services).
- **Income:** Under federal rules, family income may not exceed 85% of State Median Income (SMI). However, states may set lower limits (and do).





# CCDBG Implementation

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- **Payment Method:** Vouchers are most common. Some states contract with child care providers to reserve slots.
- **Reimbursement Rates:** States set payment rates for child care providers.
  - States must conduct a market rate survey every two years.
  - HHS suggests states use “75th percentile” rule for setting rates.
- **Parental Cost-Sharing:** Parents expected to share in cost of services, though states may waive some co-pays.
  - Sliding fee scales based on income and family size.
  - HHS suggests no more than 10% of family income.



# Federally Required Standards

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- **Health and Safety Standards:** States must set and enforce minimum health and safety standards covering:
  - prevention and control of infectious diseases,
  - building and premises safety, and
  - health and safety training.
- **Licensing & Regulation:** All providers receiving federal funds must meet licensing and regulatory requirements applicable under state or local law.
  - Federal law does not dictate the contents.
  - States may exempt providers.



# Spending Requirements

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- **Restrictions:**

- 5% cap on administrative costs.
- General prohibition against using funds for construction or sectarian activities (with exceptions).

- **Quality Improvement Activities:**

- At least 4% must be spent on quality activities, e.g., professional development, licensing and monitoring, and Quality Rating and Improvement Systems (QRIS).
- Annual appropriations bills typically target additional discretionary funds toward quality improvement activities, e.g., reservations for infant and toddler care, school-aged child care, and child care resource and referral services.





# Child Care and Development Fund (CCDF)

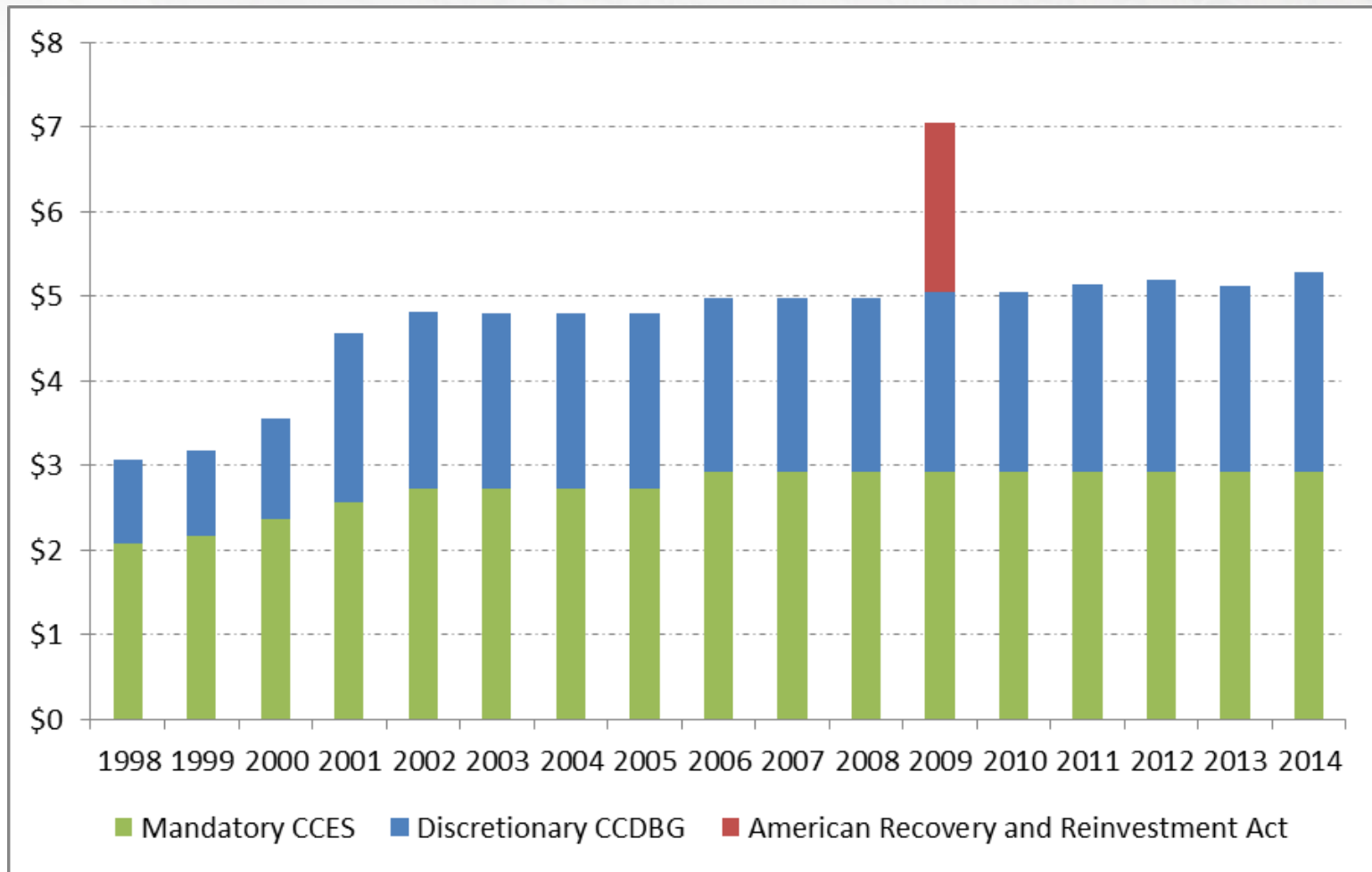
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- CCDF = **CCDBG** + CCES + TANF Transfers to CCDBG
- Combined CCDF funding streams are consolidated at state level and administered under CCDBG Act rules.
  - Child Care Entitlement to States (CCES): mandatory funds authorized and directly appropriated in Sec. 418 of the Social Security Act (W&M jurisdiction).
    - Established by 1996 welfare reform law. Reauthorized through FY2010 by Deficit Reduction Act of 2005. Temporarily extended through end of FY2014.
    - Requires state financial contributions (match and MOE).
  - Temporary Assistance for Needy Families (TANF): states may transfer up to 30% of TANF grants to CCDBG.
    - Like CCES, established by 1996 welfare reform law. Extended through FY2010 by Deficit Reduction Act of 2005. Temporarily extended through end of FY2014.



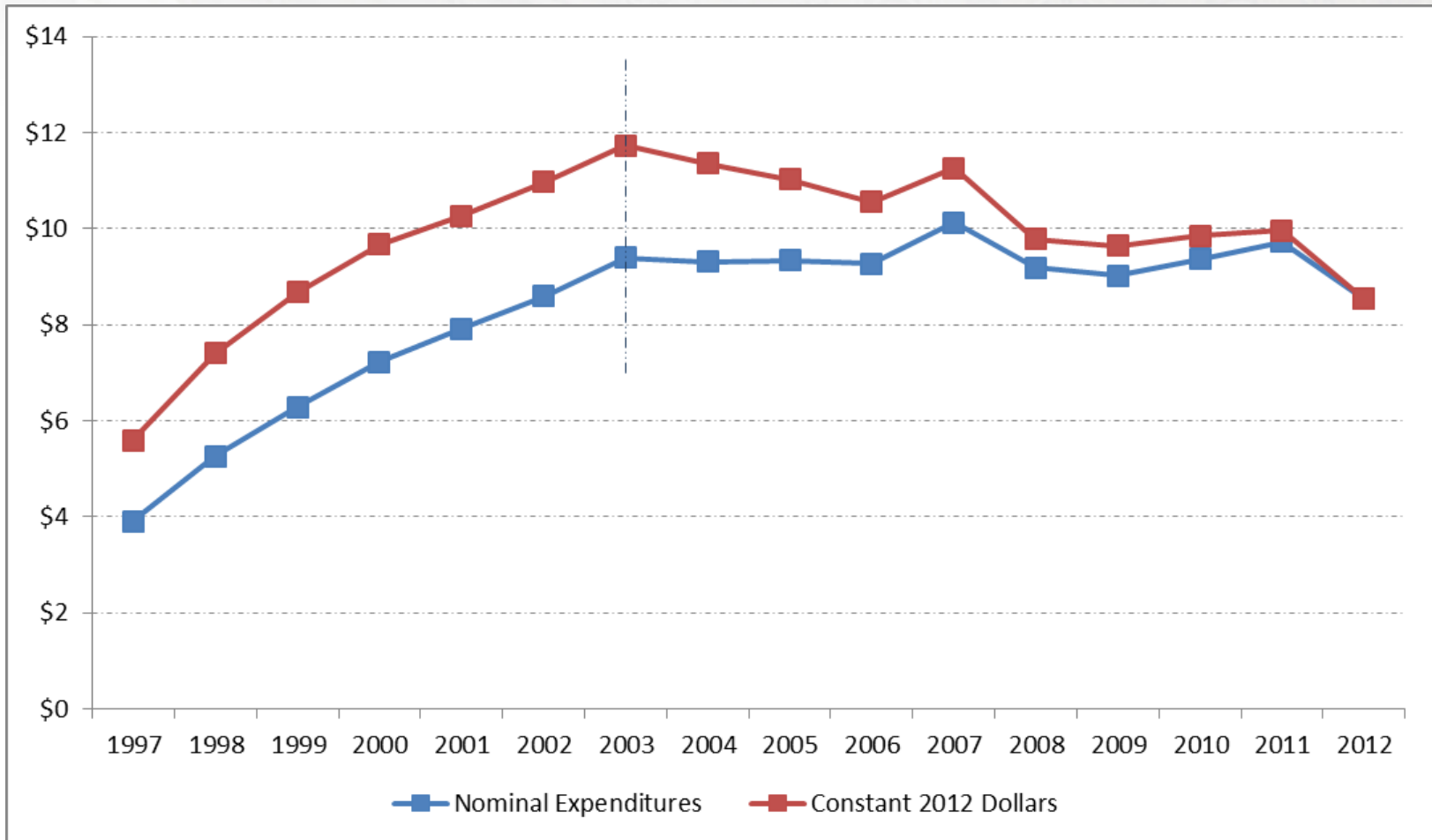
# CCDF Appropriations: FY1998-FY2014

Nominal Dollars in Billions



# CCDF Expenditures: FY1997-FY2012

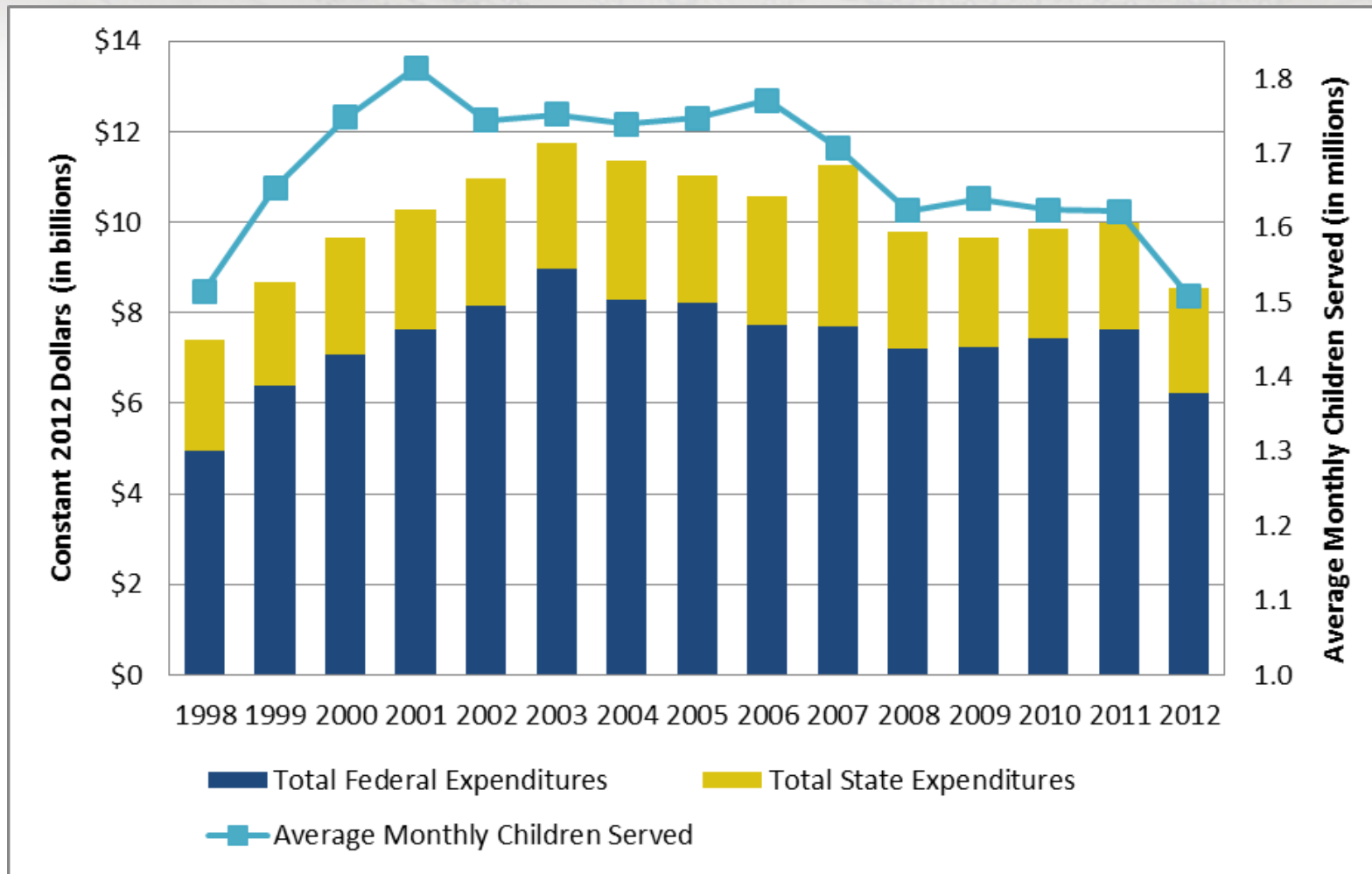
Nominal and Constant 2012 Dollars in Billions



Note: Includes expenditures of federal and state funds, including TANF transfers. Constant dollars calculated based on the Consumer Price Index for all urban Consumers (CPI-U) for FY2012. Does not include expenditures by tribes or territories.



# CCDF Expenditures (in constant dollars) & Children Served



Note: Federal expenditures include funds transferred from TANF. Expenditures by tribes and territories are not included.



# Selected CCDF Program Statistics

	<b>FY2002</b>	<b>FY2011</b>	<b>FY2012</b>
Avg. Monthly Number of Children	1,743,100	1,623,700	1,507,300
% CCDF Families Receiving TANF	17%	18%	18%
Provider Type			
Home Care (Family or Group)	41%	32%	31%
Center Care	59%	67%	68%
Age Group			
0 up to < 6 years	65%	67%	67%
6 up to 13 years	35%	33%	33%
Avg. Monthly Costs by Selected Ages			
0 up to < 1 yrs	\$380	\$457	\$467
1 up to < 2 yrs	\$394	\$461	\$473
6 up to < 13 yrs	\$277	\$289	\$298



Note: FY2012 data are preliminary.



# What's Next?

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- Senate CCDBG Reauthorization Bill (S. 1086), agreed to in the Senate on March 13, 2014.
- HHS published a Notice of Proposed Rulemaking for the CCDF on May 20, 2013 (78 FR 29442-29498).
- HHS received 545 comments.
- Final Rule due in June 2014 (timing may change).
- Common themes include health and safety standards, monitoring and enforcement, quality improvement, and consumer education.



# Contact Information

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See also, CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding.*

