

Child Care and Development Block Grant (CCDBG)



FIRST FIVE
YEARS FUND

Federal Child Care and Development Block Grant (CCDBG) funding allows states to provide child care subsidies for low-income families with children under age 13. The majority of these funds serve children under age 5, with the remainder supporting care for older children during out-of-school time (after school and summer programs). These subsidies help remove barriers to affordable, high-quality child care across a variety of care settings. Further, the law allows for flexibility to pair state and federal funds to improve access and quality of child care available to families within existing state and local systems. In this way, CCDBG plays a critical role in ensuring young children are accessing the high-quality early learning experiences that support their healthy development and prepare them for kindergarten while their parents work or attend school.

Administration of Program

Discretionary funds appropriated for CCDBG are combined with mandatory funds under the Social Security Act into a single, federal child care funding stream known as the Child Care and Development Fund (CCDF). The Administration for Children and Families within the Department of Health and Human Services (HHS) administers CCDF dollars, which are allocated to states, territories, and tribal entities based on a formula. States then design their own subsidy programs in compliance with federal eligibility and quality requirements, with the ability to establish their own additional requirements.

At a Glance

■ Created:

1990

■ Who This Program Serves:

Subsidized child care helps income-eligible families pay their child care fees. The child care subsidy is based on an assessment of need, income, and family size. Families with children from birth to age 13 whose income is below 85% of the state median income are eligible on the federal level. States can set income eligibility anywhere below that ceiling, and many do.

(Average \$80,527 annually for family of 4.¹)

◆ Number of Children Served:

An estimated 1.489 million children received child care subsidies monthly in FY 2020.²

● Percent Served Based on Eligibility:³

Only 15% of all children eligible under federal rules are served.

● Delivery Method:

Eligible families can apply to the state's lead agency for a subsidy. Families who receive a subsidy may choose any participating child care provider that meets state requirements. Provider payments depend on state policy, and may be made through a voucher/child care certificate directly to a family or through a grant/contract per an agreement with the state.

■ FY2023 Federal Funding:

\$11.57 billion

(\$8.02 billion discretionary, \$3.55 billion mandatory)

How CCDBG Funds Flow

Using an established federal formula, states, territories, and tribal entities receive grant awards from HHS.

→ Parents

Families can use vouchers to help cover the cost of care if a provider/program agrees to accept them.

→ Providers

Grants and contracts represent agreements between the subsidy program and child care providers to designate slots for subsidy-eligible children.

Ensuring Quality

Fortunately, Congress recognizes the need for such investments. A 2014 bipartisan reauthorization of the CCDBG Act made significant changes to improve the overall quality of care available and to make it easier for parents to find and maintain high-quality care. Key improvements include strengthening health and safety requirements for child care providers, increasing quality, and improving transparency so families are equipped to choose care that best meets the needs of their children. Since then, states have used increased funding to meet the new standards, decrease costs to parents, reduce waitlists, and support local providers; still, much work remains.

Prior to the COVID-19 pandemic, families at every income level struggled to find and afford high-quality care, and **only 15% of eligible children received support through CCDBG. These challenges have only been exacerbated over the last three years.**

As states continue to implement the 2014 quality improvements while responding to the needs resulting from the pandemic, additional funding is essential to expanding access to quality child care for more working families.



Bipartisan Funding Investments

Fortunately, Congress recognizes the need for such investments. **The bipartisan FY 2018 spending bill doubled CCDBG over 2 years, raising discretionary funding from \$2.9 billion in FY 2017 to \$5.8 billion in FY 2018 and in FY 2019.** Since then, Congress approved an additional \$550 million in FY 2020, \$85 million in FY 2021, and \$254 million in FY 2022. CCDBG funding increased by \$1.86 billion in FY 2023, making it the single largest annual increase in the program's history. CCDBG is currently funded at \$8.02 billion.

Throughout the pandemic, CCDBG has been the primary mechanism for providing funding to child care providers, who have faced significant increases in overhead costs coupled with declining revenue, and has been key to ensuring access to child care for thousands of working families. A summary of funding amounts for CCDBG provided in each of the bills, how funds can be used, and relevant deadlines for reporting and spending the dollars is available [here](#).

Congress has a commitment to fund through appropriations, however, increased investment in CCES mandatory funds (which are not subject to the appropriations process) is necessary for states to make long-term investments and address ongoing costs.

¹ FY 2022, Administration for Children and Families (ACF)

² FY 2020, ACF

³ FY 2018, U.S. Department of Health and Human Services