The Child Care & Development Block Grant (CCDBG) is the primary federal grant program that allows states to provide child care assistance to low-income working families with children under age 13. The majority of these funds serve children 6 years or younger, with the remainder supporting care for older children during out-of-school time.

Subsidies help remove barriers to affordable, high-quality child care, whether in center- or home-based settings. They give working parents the ability to access quality care and choose the type of care that works best for them. The majority of funds go directly to providing early learning experiences, but states can also use the funding to:

- Recruit and retain a well-qualified, fairly compensated, and effective workforce
- Support continuous quality improvement
- Meet the child care needs of families working nontraditional hours

Income Eligibility

Given CCDBG is a federal block grant, state Lead Agencies have the flexibility to design their own subsidy programs in compliance with established eligibility and quality requirements and may choose to set their own additional requirements.

The Lead Agency in Indiana is the Indiana Family and Social Services Administration.

Families that meet income eligibility and work/job training/education requirements can apply to the Lead Agency for a subsidy. Many families are required to pay a copay, but states may waive those requirements. Families who receive a subsidy may choose any participating child care provider, including center-based care (including faith-based programs), home-based care, and in-home care.

In Indiana, eligibility is capped at 42% of State Median Income (SMI). This means that a family of 3 is eligible for a subsidy if they make: $2,161 or less per month ($25,932 per year).
In Indiana, a family receiving a CCDBG subsidy pays between

$85

out-of-pocket per month

$151

Families with very low incomes (defined as below 100% of the federal poverty level), children with special needs, children experiencing homelessness, and families receiving TANF are exempt from copayments.

Provider Reimbursements

ACF recommends that Lead Agencies set provider reimbursement rates at the 75th percentile of the market rate. This is the price the lowest 75% of child care programs included in the market rate survey reported charging.

However, market rates often do not reflect the actual costs of providing high-quality care as programs must charge what families can afford in order to fill slots. Therefore, there is a significant gap between how much providers are reimbursed and how much it costs to provide care. Find answers to the most frequently asked questions about provider reimbursement rates here.

Provider Reimbursement Rates in Indiana

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<th>In percentiles of market rate</th>
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<td>Infant</td>
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<td>Preschool</td>
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In Indiana, providers are reimbursed at a far lower rate than recommended. Low payment rates make it difficult for providers to stay financially afloat and provide high-quality learning experiences. They also force low- and middle-income working families to pay higher child care fees to compensate.

CCDBG in COVID-19 Relief

Throughout the pandemic, there was strong bipartisan support for federal relief funding to keep the child care sector afloat. CCDBG was the primary mechanism for providing this relief to child care providers and ensuring access to child care for thousands of working families through CARES, CRRSA, and ARPA.

As of December 31, 2022:

3,270 child care programs in Indiana received American Rescue Plan Stabilization support, impacting up to 157,100 children.

Providers in 98% of Indiana counties have received funds, including:

- 1,435 child care centers
- 1,835 family child care homes

Most common use of funds:
Personnel costs and keeping programs staffed.

American Rescue Plan Act Spending Spotlight

Funds have been used for personnel costs and facility maintenance/improvement.

Federal pandemic relief funding, which buttressed an already struggling child care market, expires in September 2024. As this temporary funding expires, Congress must come together to strengthen and invest in our federal early learning and care programs so families can access the reliable, high-quality, affordable child care they depend on.

- In Indiana, providers are reimbursed at a far lower rate than recommended. Low payment rates make it difficult for providers to stay financially afloat and provide high-quality learning experiences. They also force low- and middle-income working families to pay higher child care fees to compensate.

1. Census
2. Ibid.
3. Office of Child Care (OCC), “FY2020 CCDBG Preliminary Data Tables” Office of Child Care, FY2020 CCDBG Preliminary Data Tables
4. Administration for Children and Families (ACF), “FY2020 Preliminary Data Table 9 - Average Monthly Percentages of Children in Care by Age Group”
5. ACF, “FY 2020 Preliminary Data Table 7 - Number of Child Care Providers Receiving CCDF Funds”
6. OCC, “FY2021 CCDF Allocations (Based on Appropriations)”
7. Ibid.
8. OCC, “CARES Act CCDBG Supplemental Funding Allocations for States and Territories”
9. ACF, “ECE State Profiles” Data from 2019
12. CAP, “States Can Improve Child Care Assistance Programs Through Cost Modeling”
13. ACF, “Child Care Stabilization Funding State Fact Sheets”
14. 100% of the federal poverty level is $23,030 annually
15. United States Women’s Bureau, National Database of Child Care Prices
16. Market rate surveys (MRS), which must be completed every three years, examine the fees that child care providers charge for services in the priced market.
17. CAP, “States Can Improve Child Care Assistance Programs Through Cost Modeling”
18. Ibid.
19. Ibid.
20. Ibid.