Child Care & Development Block Grant in Tennessee

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

CCDBG by the Numbers in Tennessee

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children Under 6</td>
<td>486,490</td>
</tr>
<tr>
<td>Population Under 6 with All Parents in the Workforce</td>
<td>62%</td>
</tr>
<tr>
<td>Children Ages 0-6 Served by CCDBG and Mandatory Funds</td>
<td>32,004</td>
</tr>
<tr>
<td>Providers Accepting CCDBG Subsidies</td>
<td>1,897</td>
</tr>
<tr>
<td>Children Currently Served by CCDBG Who Are Under the Age of 6</td>
<td>84%</td>
</tr>
<tr>
<td>CCDBG and Mandatory Funds</td>
<td>$201,820,702</td>
</tr>
<tr>
<td>CCDBG State Match</td>
<td>$13,098,570</td>
</tr>
<tr>
<td>CCDBG COVID-Relief Allocations: CARES</td>
<td>$1,213,901,677</td>
</tr>
<tr>
<td>TANF Transferred to CCDBG</td>
<td>$0</td>
</tr>
</tbody>
</table>

How CCDBG Funds Flow

Using an established federal formula, states, territories, and tribal entities receive grant awards from the Department of Health and Human Services, Administration for Children and Families (ACF).

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.

In Tennessee, 32% of children ages 0-6 are eligible for a CCDBG subsidy under federal rules on average each month. However, of these children 87% are not served due to insufficient federal funding.

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 Tennessee is the Tennessee Department of Human Services.

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 Tennessee, eligibility is capped at 61% of State Median Income (SMI). This means that a family of 3 is eligible for a subsidy if they make: $2,848 or less per month ($34,176 per year).
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:

2,875 child care programs in Tennessee received American Rescue Plan Stabilization support, impacting up to 215,800 children.

Providers in 93% of Tennessee counties have received funds, including:

- **Most common use of funds:** Personnel costs and keeping programs staffed.
- **Most common use of funds:** Rent and mortgage payments, typically their largest operating expense.

American Rescue Plan Act Spending Spotlight

Funds have been used to support and stabilize the child care sector through staff retention awards, a one-time payment of $1,000 for part-time staff or $2,000 for full-time staff. A formula based on an average cost per child was used to determine the award amount.

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 Tennessee, 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.

Receiving subsidies results in much lower out-of-pocket costs for families.

In Tennessee, a family receiving a CCDBG subsidy pays between $4 and $42 out-of-pocket per month.

Families with very low incomes are exempt from copayments.

Find more information on child care prices by age and care setting in your state or county here.

Provider Reimbursement Rates in Tennessee

In percentiles of market rate

<table>
<thead>
<tr>
<th>Care Setting</th>
<th>Percentile of Market Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant</td>
<td>59</td>
</tr>
<tr>
<td>Toddler</td>
<td>49</td>
</tr>
<tr>
<td>Preschool</td>
<td>35</td>
</tr>
</tbody>
</table>

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Families that don’t receive subsidies pay significantly higher costs.

For instance, center-based infant care ranges in price from $613 to $893 in Bedford County and Wilson County per month.

Find more information on child care prices by age and care setting in your state or county here.