

# Child Care & Development Block Grant in Minnesota



**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

## 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).

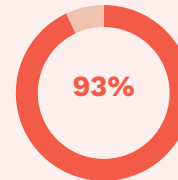
- **Parents**  
Families can use vouchers to help cover the cost of care if a provider/program agrees to accept them.
- **Providers**  
Grants and contracts represent agreements between the subsidy program and child care providers to designate slots for subsidy-eligible children.



In Minnesota,

**40%**

of children ages 0-6 are eligible for a CCDBG subsidy under federal rules on average each month.<sup>12</sup>



However, of these children

**93%**

are **not served** due to insufficient federal funding.<sup>13</sup>

## CCDBG by the Numbers in Minnesota

**420,459** Children Under 6<sup>1</sup>

**74%** Population Under 6 with All Parents in the Workforce<sup>2</sup>

**13,824** Children Ages 0-6 Served by CCDBG and Mandatory Funds<sup>3</sup>

**3,624** Providers Accepting CCDBG Subsidies<sup>4</sup>

**64%** Children Currently Served by CCDBG Who Are Under the Age of 6<sup>5</sup>

**\$128,959,979** CCDBG and Mandatory Funds<sup>6</sup>

**\$23,082,552** CCDBG State Match<sup>7</sup>

**\$709,788,469** CCDBG COVID-Relief Allocations: CARES<sup>8</sup> | CRRSA<sup>9</sup> | ARPA (CCDF + Stabilization)<sup>10</sup>

**\$60,487,000** TANF Transferred to CCDBG<sup>11</sup>

## 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.

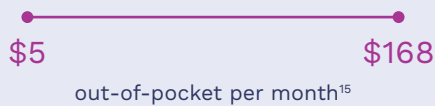
The Lead Agency in Minnesota is the Minnesota Department of Human Services.

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 Minnesota, eligibility is capped at 47% of State Median Income (SMI). This means that a family of 3 is eligible for a subsidy if they make: \$3,288 or less per month (\$39,456 per year).<sup>14</sup>

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

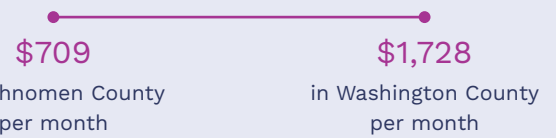
In Minnesota, a family receiving a CCDBG subsidy pays between



Families with very low incomes are exempt from copayments.<sup>16</sup>

## Families that don't receive subsidies pay significantly higher costs.

For instance, center-based infant care ranges in price from:<sup>17</sup>



Find more information on child care prices by age and care setting in your state or county [here](#).<sup>18</sup>

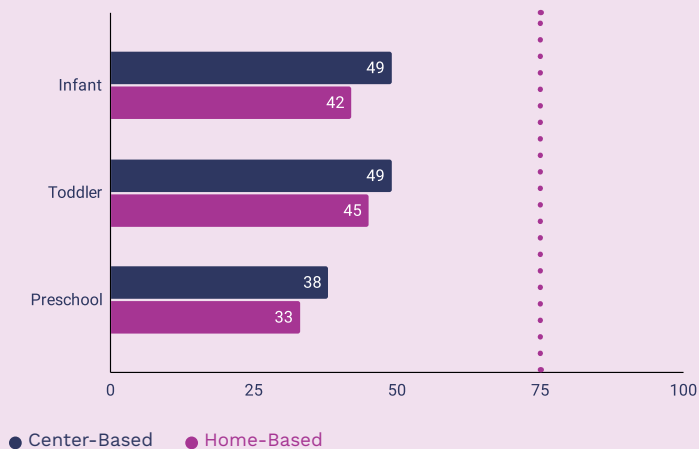
## Provider Reimbursements

ACF recommends that Lead Agencies set provider reimbursement rates at the 75th percentile of the market rate.<sup>19</sup> 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 Minnesota<sup>20</sup>

In percentiles of market rate



In Minnesota, 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:<sup>21</sup>

8,230 child care programs in Minnesota received American Rescue Plan Stabilization support, impacting up to 212,500 children.

Providers in 100% of Minnesota counties have received funds, including:



2,185

child care centers



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



6,045

family child care homes



**Most common use of funds:**  
Rent and mortgage payments, typically their largest operating expense.

### American Rescue Plan Act Spending Spotlight<sup>22</sup>

Funds have been used to support and stabilize the workforce through increasing staff compensation. 70% of stabilization grants were required to go towards increasing compensation, benefits, or premium pay for staff who regularly care for children. The base grant is calculated by taking the starting rate (currently \$430) and multiplying it by the sum total of full-time staff in a program.

**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.**

1. Census  
2. Census  
3. Office of Child Care (OCC), "FY2020 CCDF Preliminary Data Tables"  
4. Administration for Children and Families (ACF), "FY 2020 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, "GY2021 CCDF Allocations (Based on Appropriations)"  
7. Ibid.  
8. OCC, "CARES Act CCDBG Supplemental Funding Allocations for States and Territories"  
9. OCC, "Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) of 2021 Allocations for States and Territories"  
10. OCC, "American Rescue Plan Act (ARPA) Supplemental Stabilization and CCDF Discretionary Funding Allocation Tables for States and Territories"  
11. ACF, "TANF Financial Data - FY2021"  
12. OCC, "FY 2019 Preliminary Data Table 1", OCC, "FY 2019 Preliminary Data Table 9", Center for American Progress (CAP), "Early Learning in the United States: 2021", Census, "2019 ACS 1-Year Estimates Population Under 18 Years by Age"  
13. CAP, "Early Learning in the United States: 2021"  
14. ACF, "ECE State Profiles" Data from 2019  
15. Ibid.  
16. 100% of the federal poverty level is \$23,030 annually  
17. United States Women's Bureau, National Database of Child Care Prices  
18. United States Women's Bureau, "National Database of Childcare Prices"  
19. 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.  
20. CAP, "States Can Improve Child Care Assistance Programs Through Cost Modeling"  
21. ACF, "Child Care Stabilization Funding State Fact Sheets"  
22. Minnesota Department of Human Services