

Federal Child Care and Development Block Grant (CCDBG) funding allows states to offer child care subsidies to children under age 13 from low-income families. The majority of these funds serve children ages five and under, with the remainder supporting care for older children during out-of-school time (before school, after school, and summer programs). These funds help families access affordable, quality child care across a variety of 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 have quality early learning experiences that support their healthy development and prepare them for kindergarten while their parents work or attend school.

ADMINISTRATION OF THE PROGRAM

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



AT-A-GLANCE

CREATED

1990

WHO THIS PROGRAM SERVES

CCDBG subsidies help a portion of working families across all 50 states access affordable, quality child care through a variety of care settings. Eligibility is based on an assessment of need, income, and family size. Children whose parents are employed or participating in training/education programs and whose household income is under 85% of the State Median Income (SMI) are eligible at the federal level, as are children in need of, or receiving, child protective services. States can set income eligibility anywhere below the 85% SMI ceiling, and many do. States can also establish their own definitions of approved work, job training, and education, as well as decide who is eligible under the definition of “protective services.”

NUMBER OF CHILDREN SERVED

In FY2022, an estimated 918,964 children ages five and under received child care subsidies.¹

PERCENT OF ELIGIBLE CHILDREN SERVED

Only 13% of eligible children ages five and under are able to access child care through CCDBG.²

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. States have flexibility in how to use these funds to best meet the needs of children, families, and child care providers in their communities.

FY2025 FEDERAL FUNDING

\$12.3 billion

(\$8.75 billion discretionary, \$3.55 billion mandatory)

HOW CCDBG FUNDS FLOW

Using an established federal funding formula, state, territory, and tribal Lead Agencies receive grant awards from HHS.

Through the Lead Agency, states allocate these funds to support:

- **Families:** Eligible families use subsidies to help cover the cost of care (if a provider/program agrees to accept them).
- **Providers:** Lead Agencies work with providers to designate slots for subsidy-eligible children. Funding also helps to recruit and retain a qualified, fairly compensated workforce.
- **Quality Care:** Lead Agencies are required to have child care licensing in place to ensure children are served in quality, safe environments. Funding also supports continuous quality improvement.

ENSURING QUALITY

To receive CCDBG funds, Lead Agencies must have child care licensing requirements in place. These requirements differ by state. Lead Agencies may establish different rules depending on the setting (e.g., center-based, home-based) and may exempt some providers from licensing requirements altogether (e.g., faith-based programs). The 2014 bipartisan reauthorization of the CCDBG Act made significant changes to the law, advancing the overall quality of care available and making it easier for parents to find high-quality care. Other key improvements included strengthening health and safety requirements for child care providers, increasing quality standards, and enhancing transparency so families are better equipped to choose care that meets the needs of their children. In 2024, ACF finalized a new rule meant to lower costs for families, increase the financial stability of child care providers, and make it easier for families to enroll in subsidized child care programs.³ Despite progress, much work remains to ensure that all eligible families have access to care that meets their needs.

Families across income levels continue to struggle to find and afford high-quality care, with **only 13% of federally eligible children age five and under receiving support through CCDBG - that is only 3.7% of children ages five under nationwide.**⁴ These challenges have only been exacerbated over the last few years.



Additional funding is essential to expanding access to quality child care for more working families.

BIPARTISAN FUNDING INVESTMENTS

Fortunately, Congress recognizes the need for investments in child care. **The bipartisan FY 2018 spending bill doubled CCDBG over two 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. Congress increased funding by \$725 million in FY 2024. CCDBG is currently funded at \$12.3 billion (this includes both mandatory and discretionary funding).

Congress is responsible for funding programs through the annual appropriations process, however, increased investment in CCES mandatory funds (which are not subject to annual appropriation) are necessary for states to make long-term investments and address ongoing costs.

Learn more about CCDBG in your state [here](#).⁵

¹ Administration for Children and Families, "FY 2022 Preliminary Data Table 1 - Average Monthly Adjusted Number of Families and Children Served" and "FY 2022 Preliminary Data Table 9 - Average Monthly Percentages of Children In Care By Age Group"

² First Five Years Fund, "2024 CCDBG State Fact Sheets" Note: This estimate is based on federal eligibility rules.

³ Administration for Children and Families, "2024 Child Care and Development Fund (CCDF) Final Rule"

⁴ First Five Years Fund, "2024 CCDBG State Fact Sheets"

⁵ First Five Years Fund, "How CCDBG Benefits Families in Your State"