

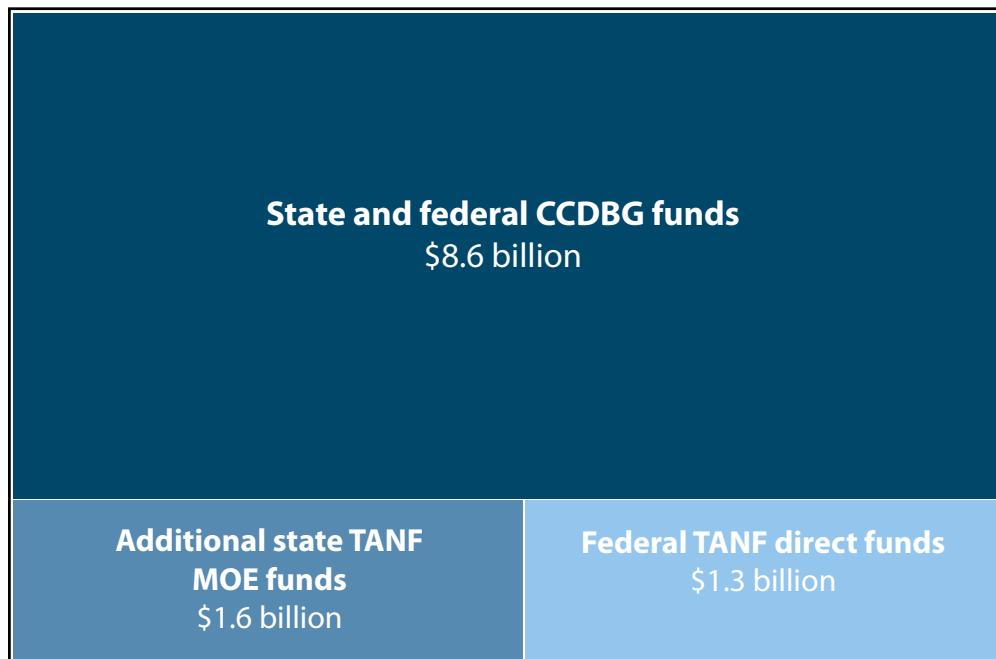
i | Background

The Child Care and Development Block Grant (CCDBG) is the primary federal funding source for child care subsidies to low-income families as well as improving child care quality for all children. States provide additional funding through other sources described later in this paper, including the Temporary Assistance for Needy Families (TANF) block grant. This fact sheet will analyze national trends for spending and participation in CCDBG- and TANF-funded child care in federal fiscal year (FY) 2016, the latest year for which data are available.

\$ | Total combined child care assistance spending¹

In FY 2016, total combined spending on child care assistance—comprised of CCDBG and TANF-related funds—totaled \$11.6 billion. That’s a 2 percent decline (roughly \$182 million) from the previous year. This is attributable to lower amounts of state child care spending claimed as TANF Maintenance of Effort (MOE).² MOE is a state spending requirement for TANF and CCDBG.

Figure 1. Funding sources for 2016 spending³



Total: \$11.6 billion

Spending changes over time

Spending in 2016 remained well below the historic high of \$13 billion in 2007 (see figure 3). Thirty-two states increased overall spending from 2015 to 2016. Nevada had the highest *increase* in spending (86 percent), while Tennessee had the largest *decrease* (30 percent).

Figure 2. Major changes by funding source (2015 to 2016)

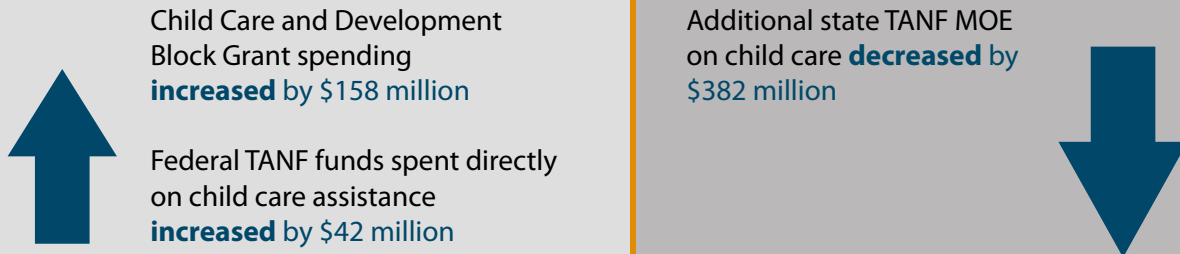
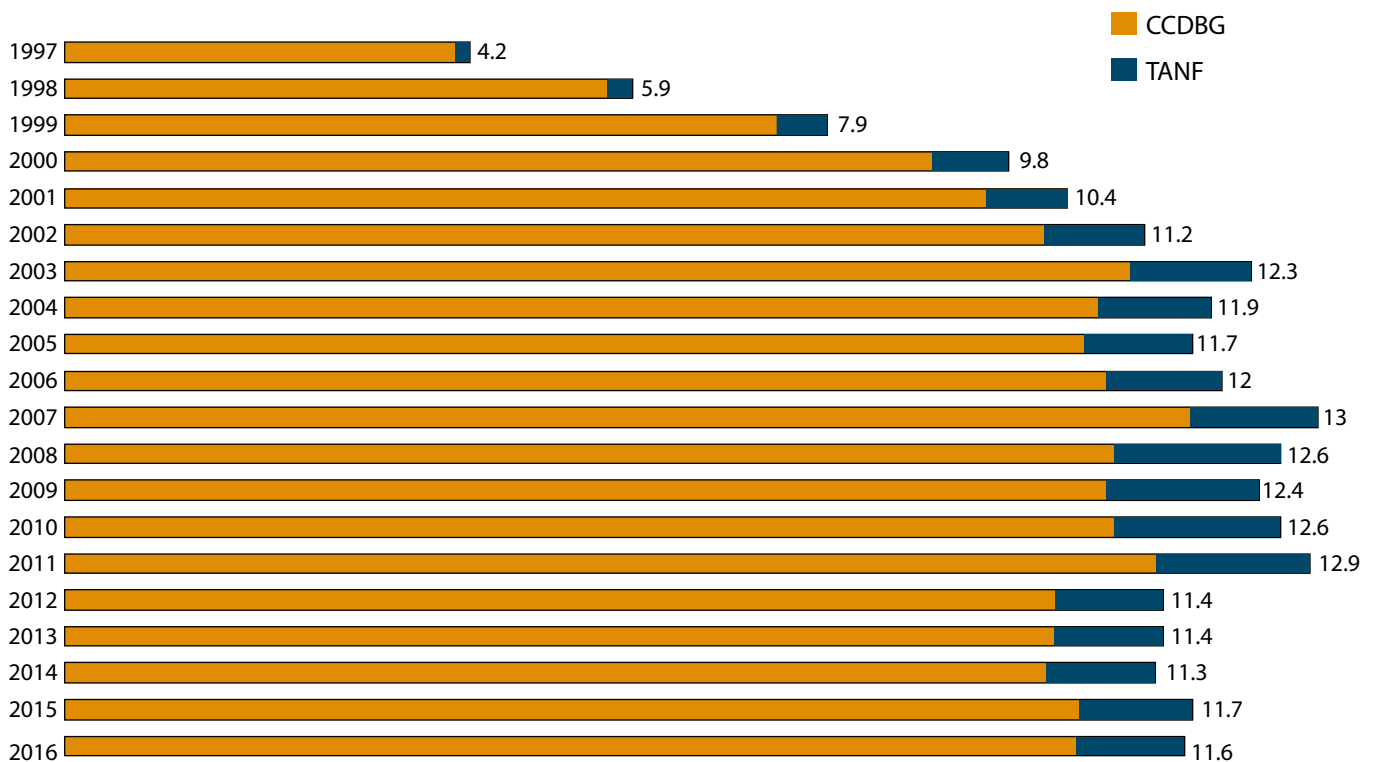


Figure 3. Total combined child care spending in billions (1997 - 2016)

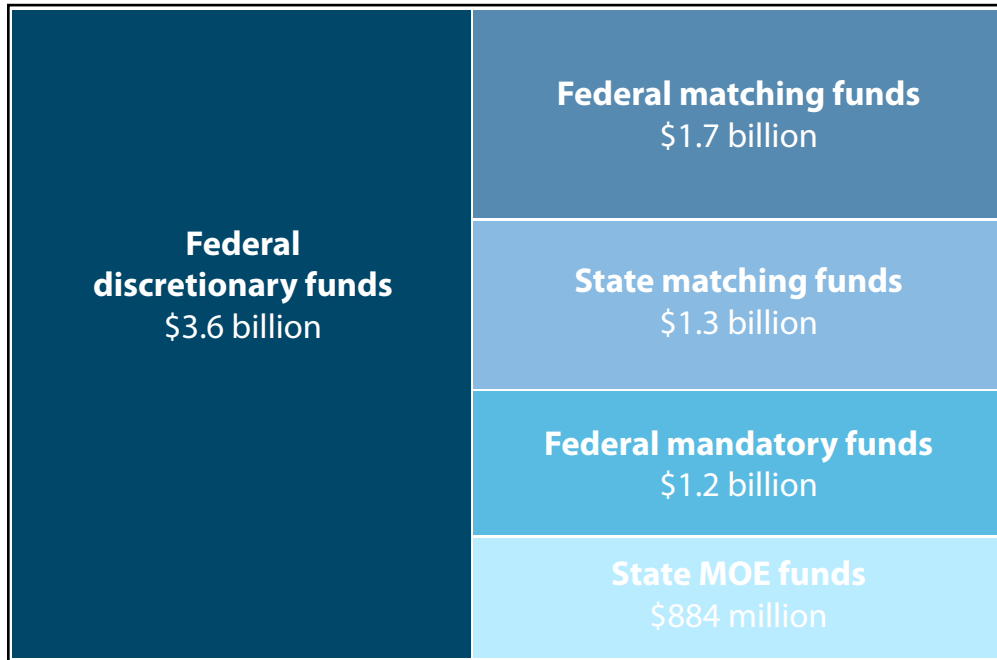


\$ | Child Care and Development Block Grant (CCDBG) spending⁴

Annual CCDBG expenditures encompass all funds that were spent during FY 2016, including those appropriated in prior years. By law, states have several years to obligate and liquidate CCDBG funds. Because states are spending CCDBG funds from several years' appropriations, along with additional funds from TANF transfers, annual, federal CCDBG spending is often higher than annual funding.

In FY 2016, federal funding for CCDBG was \$5.7 billion. However, CCDBG expenditures totaled \$8.6 billion. This was an increase of \$158 million (2 percent) from 2015.

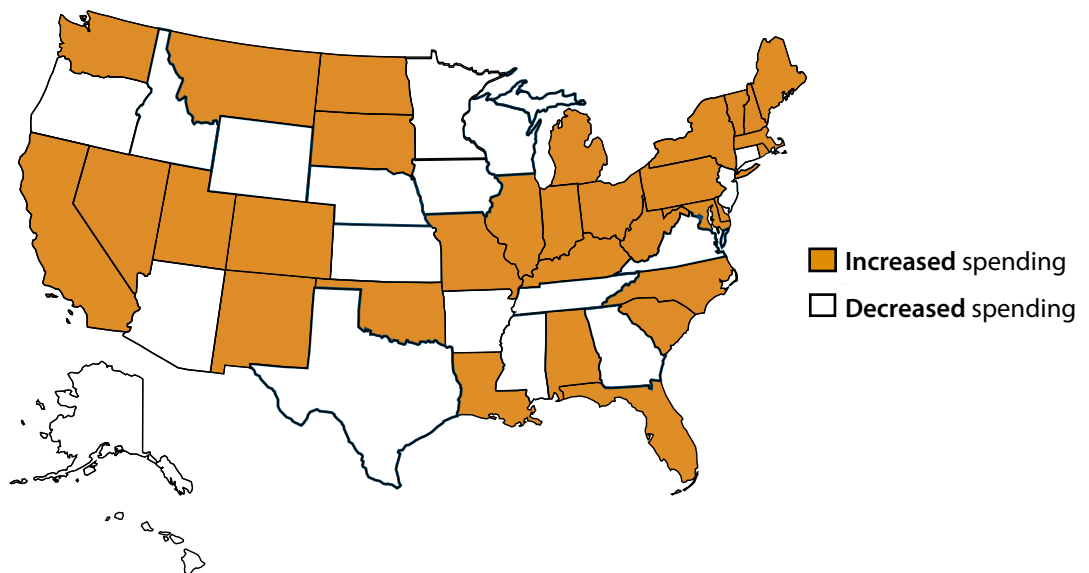
Figure 4. CCDBG spending by funding source in 2016



Total: \$8.6 billion

Thirty states spent more CCDBG funds compared to the previous year. Louisiana and Nevada increased spending by 61 percent and 46 percent respectively. Tennessee, Wyoming, and Connecticut decreased CCDBG spending by 28 percent, 26 percent, and 25 percent respectively.

Figure 5. States that increased CCDBG spending in 2016



The majority of states met their CCDBG match and MOE requirements. Some states reported spending above their requirements. States must spend state match and Maintenance of Effort (MOE) dollars to draw down their full allotment of federal CCDBG funds. In 2016, four states did not provide enough *state* matching funds to draw down all *federal* matching funds. These states were Idaho (released \$8.2 million); Kansas (released \$4 million); Michigan (released \$13 million); and Tennessee (released \$1.9 million). The total of \$27 million was reallocated to other states in FY 2017.⁵

In FY 2016, no state reported spending over the state match amount required to fully draw down federal CCDBG state-match funds.⁶ Four states reported spending a total of \$12 million above their required CCDBG MOE.⁷

💰 | TANF funds used for child care assistance⁸

In 2016, federal TANF fund transfers to CCDBG increased by \$152 million (12 percent).

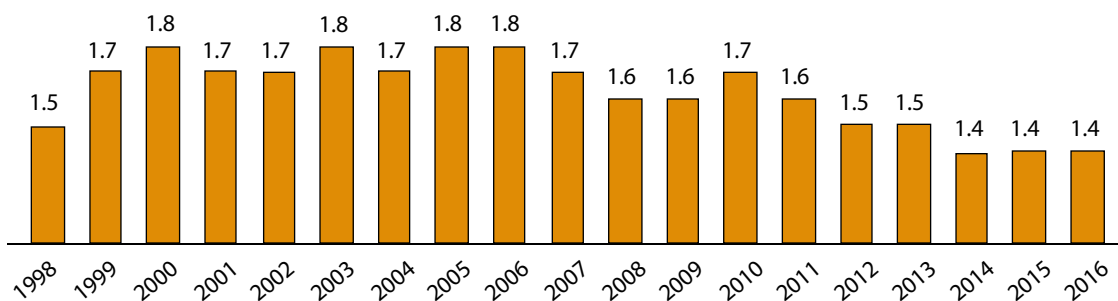
States can choose to spend TANF funds directly on child care or transfer up to 30 percent of their funds to CCDBG or a combination of CCDBG and the Social Services Block Grant (SSBG). TANF also has a state MOE requirement, which can fund child care assistance.

In 2016, states spent \$1.3 billion in federal funds directly on child care, an increase of \$42 million (3 percent) from the previous year. States transferred \$1.4 billion in federal TANF funds to CCDBG, an increase of \$152 million (12 percent).

Child care was the second largest use of TANF funds after cash assistance. Twelve states—Alaska, Florida, Idaho, Indiana, Iowa, Mississippi, Montana, Nebraska, New Hampshire, Oklahoma, Pennsylvania, and Utah—transferred the maximum amount allowed (30 percent of TANF funds) to CCDBG or a combination of CCDBG and the Social Services Block Grant (SSBG). Five states—Alabama, Massachusetts, New Mexico, Vermont, and Washington—transferred 25 to 30 percent of their TANF funds.

👤 | Participation in CCDBG

Figure 6. Average monthly number of children served in CCDBG in millions (1998 - 2016)



In an average month in 2016, 1.37 million children received CCDBG-funded child care, a decline of 23,200 children from 2015. This is the fewest number of children the program has ever served.^{9,10} Since 2006, 399,400 children have lost CCDBG-funded child care. The majority of states (28) served fewer children in 2016 compared to the previous year (see appendix). The number of children that child care assistance funded directly through TANF is not available.



Looking ahead

In FY 2018, federal funding for CCDBG increased by \$2.4 billion. These funds are intended to fully fund CCDBG's 2014 reauthorization and increase access to child care assistance.¹¹ This investment was a critical step in helping more low-income working families access affordable child care. However, improving the health, safety, and quality of child care—as well as addressing the steep decline in the number of children served—will require greater, continuous federal and state investments.



Endnotes

¹ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services, "FY 2016 CCDBG Data," <https://www.acf.hhs.gov/occ/resource/fy-2016-ccdf-table-4a>; Office of Family Assistance, Administration for Children and Families, U.S. Department of Health and Human Services, "FY 2016 TANF Financial Data," <http://www.acf.hhs.gov/programs/ofa/resource/tanf-financial-data-fy-2016>.

² States may claim child care spending toward both TANF and CCDBG MOE. Total TANF MOE spent on child care was \$2 billion in 2015 and \$1.6 billion in 2016. In our sum of total expenditures, we exclude \$797 million in TANF MOE that could be "double counted" as CCDBG MOE and TANF MOE.

³ Total combined spending does not include TANF transfer to CCDBG. This is because these funds, once transferred, are spent as CCDBG discretionary funds.

In 2016, \$8.6 billion in state and federal CCDBG funds were used for CCDBG. This is the sum of state and federal CCDBG funding streams: discretionary, federal match, state match, mandatory, and MOE. MOE is the TANF state spending requirement. States must spend state match and MOE dollars to draw down their full allotment of federal CCDBG funds.

States spent \$1.3 billion in federal TANF funds directly on child care. These are the TANF funds spent directly on child care assistance and non-assistance. Lastly, in 2016, \$1.6 billion in additional TANF MOE was spent on child care. Please note this excludes additional TANF MOE funds that may have been counted toward CCDBG MOE. While this is not additional state funding, it shows the state made a policy choice to spend their TANF funds on child care over the other service areas.

⁴ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services, Child Care and Development Fund Program Data Statistics, "Table 4A: All FY 2016 Expenditures by State," <https://www.acf.hhs.gov/occ/resource/fy-2016-ccdf-table-4a>.

⁵ In 2015, three states did not provide enough matching funds to draw down all federal matching funds: Idaho (\$7.6 million), Kansas (\$3.5 million), and Michigan (\$22.8 million). A total of \$34 million was returned to the federal government for redistribution to other states in the next fiscal year.

⁶ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services, Child Care and Development Fund Program Data Statistics, "Table 5B: FY 2016 Matching State Share Summary," <https://www.acf.hhs.gov/occ/resource/fy-2016-ccdf-table-5b-qe-2016>.

One limitation to the data is that since states are not required to report spending above the match and/or MOE requirement, the states listed by the Office of Child Care may not be the only ones with excess state match *and* MOE funds.

⁷ Alaska, Georgia, Ohio, and Vermont reported spending a total of \$12 million above their required MOE.

⁸ Office of Family Assistance, Administration for Children and Families, U.S. Department of Health and Human Services, "FY 2016 TANF Financial Data," <http://www.acf.hhs.gov/programs/ofa/resource/tanf-financial-data-fy-2016>.

⁹ Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services, "FY 2016 Preliminary Data Table 1: Average Monthly Adjusted Number of Families and Children Served," <https://www.acf.hhs.gov/occ/resource/fy-2016-preliminary-data-table-1>.

¹⁰ Administration for Children and Families, U.S. Department of Health and Human Services, *Fiscal Year 2019 Justifications of Estimations for Appropriations Committee*, 2018, https://www.acf.hhs.gov/sites/default/files/olab/acf_master_cj_acf_final_3_19_0.pdf.

¹¹ CLASP, *Child Care in the FY 2018 Omnibus Spending Bill*, 2018, <https://www.clasp.org/sites/default/files/publications/2018/03/Child%20Care%20in%20the%20FY%202018%20Omnibus.pdf>.

Appendix: Child Care Assistance Spending by State and Monthly Average Number of Children Served (CCDBG) from 2015- 2016

State	Total Child Care Spending (CCDBG and TANF) FY 2016	Total Child Care Spending (CCDBG and TANF) FY 2015	Dollar Change	Percent Change	Avg Monthly # of Children Served (CCDBG only) FY 2016	Avg Monthly # of Children Served (CCDBG only) FY 2015	Avg Monthly # of Children Served (CCDBG only) FY 2006	Change in # of Children Served (FY 2015-2016)	Change in # of Children Served (2006-2016)
Alabama	\$ 110,241,914	\$ 103,697,829	\$ 6,544,085	6%	27,300	24,800	28,000	2,500	-700
Alaska	\$ 39,895,979	\$ 40,097,242	\$ (201,263)	-1%	3,500	3,600	4,900	-100	-1,400
Arizona	\$ 133,675,541	\$ 145,537,712	\$ (11,862,171)	-8%	22,700	24,400	30,200	-1,700	-7,500
Arkansas	\$ 69,075,929	\$ 64,656,331	\$ 4,419,598	7%	6,500	7,400	5,600	-900	900
California	\$ 1,321,918,158	\$ 1,662,635,331	\$ (340,717,173)	-21%	104,500	106,100	175,500	-1,600	-71,000
Colorado	\$ 122,001,245	\$ 115,550,391	\$ 6,500,854	6%	22,900	16,900	16,300	6,000	6,600
Connecticut	\$ 95,472,527	\$ 125,579,910	\$ (30,107,383)	-24%	12,800	8,500	10,100	4,300	2,700
Delaware	\$ 92,290,600	\$ 70,451,156	\$ 21,839,444	31%	7,600	7,200	7,500	400	100

District of Columbia	\$ 71,675,041	\$ 71,763,854	\$ (88,813)	-0%	1,100	1,500	3,700	-400	-2,600
Florida	\$ 661,552,063	\$ 632,997,256	\$ 28,554,807	5%	82,300	82,200	108,600	100	-26,300
Georgia	\$ 252,295,455	\$ 264,548,682	\$ (12,253,227)	-5%	55,500	58,900	64,600	-3,400	-9,100
Hawaii	\$ 37,414,729	\$ 38,986,206	\$ (1,571,477)	-4%	5,800	6,800	8,600	-1,000	-2,800
Idaho	\$ 35,784,206	\$ 33,293,740	\$ 2,490,466	8%	5,900	6,700	9,900	-800	-4,000
Illinois	\$ 909,173,646	\$ 1,147,410,554	\$ (238,236,908)	-21%	37,600	41,300	82,200	-3,700	-44,600
Indiana	\$ 234,864,545	\$ 231,796,983	\$ 3,067,562	1%	32,700	34,800	32,800	-2,100	-100
Iowa	\$ 110,682,480	\$ 114,670,529	\$ (3,988,049)	-4%	17,100	16,500	19,400	600	-2,300
Kansas	\$ 65,007,016	\$ 69,306,540	\$ (4,299,524)	-6%	12,400	14,000	22,400	-1,600	-10,000
Kentucky	\$ 108,627,333	\$ 115,656,083	\$ (7,028,750)	-6%	14,200	10,100	28,900	4,100	-14,700
Louisiana	\$ 124,238,548	\$ 76,055,717	\$ 48,182,831	63%	15,600	18,400	39,100	-2,800	-23,500
Maine	\$ 31,180,418	\$ 30,205,887	\$ 974,531	3%	3,400	2,800	5,400	600	-2,000

Maryland	\$ 134,668,897	\$ 142,817,979	\$ (8,149,082)	-6%	14,600	17,400	22,900	-2,800	-8,300
Massachusetts	\$ 476,403,195	\$ 467,497,470	\$ 8,905,725	2%	28,100	29,500	32,100	-1,400	-4,000
Michigan	\$ 162,771,620	\$ 142,924,237	\$ 19,847,378	14%	29,400	32,100	87,800	-2,700	-58,400
Minnesota	\$ 266,049,315	\$ 261,867,954	\$ 4,181,361	2%	20,000	22,000	27,300	-2,000	-7,300
Mississippi	\$ 75,770,313	\$ 81,392,320	\$ (5,622,007)	-7%	18,000	20,400	39,100	-2,400	-21,100
Missouri	\$ 180,944,990	\$ 160,523,962	\$ 20,421,028	13%	37,900	36,000	33,600	1,900	4,300
Montana	\$ 28,029,627	\$ 23,478,146	\$ 4,551,481	19%	3,500	3,200	4,800	300	-1,300
Nebraska	\$ 65,121,397	\$ 75,072,681	\$ (9,951,284)	-13%	10,200	11,600	13,100	-1,400	-2,900
Nevada	\$ 62,265,144	\$ 33,494,834	\$ 28,770,310	86%	6,600	5,600	6,000	1,000	600
New Hampshire	\$ 34,304,501	\$ 32,708,706	\$ 1,595,795	5%	5,500	5,600	7,500	-100	-2,000
New Jersey	\$ 307,486,100	\$ 274,781,701	\$ 32,704,399	12%	43,300	41,700	37,900	1,600	5,400
New Mexico	\$ 89,711,180	\$ 74,418,638	\$ 15,292,542	21%	16,800	16,400	21,600	400	-4,800

New York	\$ 856,116,705	\$ 759,209,940	\$ 96,906,765	13%	120,400	120,300	123,700	100	-3,300
North Carolina	\$ 431,427,030	\$ 426,801,526	\$ 4,625,504	1%	60,700	64,100	79,900	-3,400	-19,200
North Dakota	\$ 18,539,745	\$ 14,583,463	\$ 3,956,282	27%	3,100	2,200	4,000	900	-900
Ohio	\$ 666,064,746	\$ 619,384,225	\$ 46,680,521	8%	47,700	47,100	39,900	600	7,800
Oklahoma	\$ 177,855,297	\$ 175,706,300	\$ 2,148,997	1%	23,500	24,400	25,000	-900	-1,500
Oregon	\$ 90,337,723	\$ 95,243,871	\$ (4,906,148)	-5%	15,100	15,300	20,200	-200	-5,100
Pennsylvania	\$ 827,093,604	\$ 716,318,071	\$ 110,775,533	16%	94,300	93,500	82,800	800	11,500
Rhode Island	\$ 57,990,502	\$ 50,825,666	\$ 7,164,836	14%	6,300	6,000	7,100	300	-800
South Carolina	\$ 81,614,414	\$ 63,258,961	\$ 18,355,453	29%	10,800	10,800	19,700	0	-8,900
South Dakota	\$ 18,236,329	\$ 16,800,950	\$ 1,435,379	9%	3,700	4,100	4,900	-400	-1,200
Tennessee	\$ 110,167,521	\$ 156,724,106	\$ (46,556,585)	-30%	20,000	25,500	42,500	-5,500	-22,500
Texas	\$ 626,379,544	\$ 629,356,202	\$ (2,976,658)	-1%	107,400	111,700	126,200	-4,300	-18,800

Utah	\$ 85,889,682	\$ 82,124,024	\$ 3,765,658	5%	11,600	10,800	13,000	800	-1,400
Vermont	\$ 42,541,525	\$ 44,763,973	\$ (2,222,448)	-5%	4,300	4,300	6,800	0	-2,500
Virginia	\$ 198,026,685	\$ 209,992,534	\$ (11,965,849)	-6%	21,700	25,500	27,900	-3,800	-6,200
Washington	\$ 371,718,736	\$ 331,193,679	\$ 40,525,057	12%	46,800	44,900	53,200	1,900	-6,400
West Virginia	\$ 51,090,002	\$ 44,993,591	\$ 6,096,411	14%	7,800	8,200	9,300	-400	-1,500
Wisconsin	\$ 315,567,638	\$ 310,058,768	\$ 5,508,870	2%	27,700	27,700	29,500	0	-1,800
Wyoming	\$ 13,128,895	\$ 17,634,841	\$ (4,505,946)	-26%	3,000	3,200	4,700	-200	-1,700
United States	\$ 11,550,379,978	\$ 11,732,614,018	\$ 182,234,040	2%	1,370,700	1,393,900	1,770,100	-23,200	-399,400