NATIONAL WOMEN'S LAW CENTER

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CCDBG

The Importance of Investing in the Child Care and Development Block Grant

Congress approved a $2.37 billion increase in funding for the **Child Care and Development Block Grant (CCDBG)**, the major federal child care program, in March 2018. This was a historic increase for CCDBG, a program that provides funds to states to assist low-income families in affording child care, to help ensure the health and safety of child care, and to invest in improving the quality of care.

The new federal funds are essential to help address existing gaps in the child care assistance program. Only one in six children eligible for federal child care receives it. And only one state set its provider payment rates at the federally recommended level of February 2018. While the recent funding increase is helping states make progress in improving families' access to assistance and provider payment rates, further federal and state investments will be necessary to fully address these and other gaps.

CCDBG Legislation

CCDBG was enacted in 1990 in response to women's growing participation in the workforce and the struggle of these working women to find affordable, high-quality child care. The CCDBG Act was amended and reauthorized by the Personal Responsibility and Work Opportunity Act of 1996, and again by the CCDBG Act of 2014. The program is administered at the federal level by the Office of Child Care within the Department of Health and Human Services.

The CCDBG Act of 2014 aimed to ensure the health and safety of children in child care, improve the quality of care, and make it easier for families to obtain and retain child care assistance. While these are important goals, achieving them entails additional costs, and the reauthorization law was not initially accompanied with additional resources.

The reauthorization law includes numerous new provisions and requirements, including those that establish:

- Stronger minimum health and safety standards;
- Training requirements for child care providers receiving CCDBG funds;
- Annual inspections of child care providers receiving CCDBG funds;
- Comprehensive criminal background checks for all providers;
- Continuous eligibility for child care assistance for a 12 months before a family has to recertify (except in certain circumstances);
- Gradual phase-out of assistance for families;
- Payment practices for providers serving families receiving child care assistance that mirror payment practices in the private market—for example, paying for days when children are absent from care; and
- Increased funding set-asides targeted to improving the quality of care and expanding access to high-quality infant care.

CCDBG Funding

Total CCDBG funding—$8.143 billion in FY 2018—includes two components:

- **Mandatory funding:** This funding level is established by law and remains the same from year to year. States must provide matching funds in order to draw down their full federal allotment of mandatory funds. In FY 2018, federal mandatory funding was $2.917 billion.
- **Discretionary funding:** This funding must by appropriated by Congress each year. It does not require a state match. The FY 2018 increase was an increase in discretionary funding. In FY 2018, federal discretionary funding was $5.226 billion.

State Role in CCDBG Policies

States have flexibility, within federal parameters, to set policies in several key areas, including:

- **Eligibility criteria:** States may serve families whose parents are working or participating in education or training activities, and families whose children are receiving protective services. States may set their income limit up to 85 percent of the state median income.
- **Payment rates for child care providers:** The federal government recommends, but does not require, that states set their payment rates at the 75th percentile of current market rates, the rate designed to give families access to 75 percent of the providers in their community. States can vary rates to reflect differences in market prices among different geographic regions and different age groups. State can also set higher (differential) rates for care that is more costly to provide or in short supply, including higher-quality care, care for children with special needs, and care during nontraditional hours.
- **Parent copayments:** States determine the amount that families receiving child care assistance must contribute to the cost of care. Most states use a sliding fee scale, with families paying a progressively higher percentage of income the higher their income is. The federal government recommends, but does not require, that parents receiving assistance pay no more than 7 percent of their income toward the cost of care.
- **Quality improvement and infant-toddler initiatives:** States can use their set-aside funding for a variety of activities, including professional development for teachers and staff, increased compensation for teachers and staff, coaching and technical assistance, or development of program standards on health and mental health.

NEXT STEPS FOR CCDBG

States have used their increased federal funds to meet the requirements of the CCDBG reauthorization law, serve families on the waiting list for child care assistance, expand eligibility for assistance through increased income limits and other steps, raise provider payment rates, and support professional development for child care teachers, among other initiatives. To enable states to build on this progress, CCDBG funding should be increased by an additional $5 billion in FY 2020. This funding would allow hundreds of thousands of more families to get the stable, high-quality child care that children need for their healthy growth and development and that parents need to get and keep a job—or participate in education or training that puts them on a path to a better job—so they can support their families.