



Child Care Assistance in 2013

March 2015

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Child care assistance is a vital public investment that increases the sustainability of employment for low-income parents and provides stability for parents struggling to gain economic security. It also allows many parents to access higher-quality care than they could otherwise afford.¹

The Child Care and Development Block Grant (CCDBG) is the primary source of federal funding for child care subsidies to support low-income working families and to improve child care quality. States contribute through matching funds and maintenance-of-effort (MOE). MOE requires states to continue spending at least the same amount on child care services as they did prior to reauthorization of CCDBG in 1996. In addition, states use federal funds from the Temporary Assistance for Needy Families (TANF) block grant to deliver child care assistance. States can 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.

This brief provides analysis of national trends for spending and participation in CCDBG- and TANF-funded child care in federal fiscal year (FY) 2013, based on the most recent state data available from the U.S. Department of Health and Human Services (HHS).²

Key Findings

In FY 2013, the most recent year for which data are available, overall federal and state spending for child care decreased slightly from the previous year with both spending and participation at historically low levels:

- **Overall child care assistance spending continued its decline to an 11-year low:**
 - Total spending on child care assistance—including combined child care and TANF funds—was \$11.3 billion, the lowest level since 2002.
 - Spending on child care assistance decreased by \$82 million from 2012 to 2013.
 - Federal TANF funds used for child care declined to the lowest level since 1998.
- **The number of children receiving CCDBG-funded child care assistance continued its decline to a 15-year low.³**
 - Fewer than 1.46 million children received CCDBG-funded child care in an average month in 2013, the smallest number of children served in the program since 1997.⁴
 - The number of children receiving CCDBG-funded child care fell by 47,500 from 2012 to 2013.
 - Approximately 315,000 fewer children received CCDBG-funded child care in 2013 than in 2006.

Child Care Assistance Spending

Total combined child care spending (including federal and state CCDBG and TANF funds) fell from \$11.4 billion in 2012 to \$11.3 billion in 2013, a decline of nearly \$82 million (see figure 1). This was the lowest level of spending since 2002. Reduced spending in the TANF program in 2013 contributed to this decline.

Total spending in 2013 included:

- \$8.6 billion in state and federal CCDBG funds;
- \$1.1 billion in federal TANF funds spent directly on child care;⁵ and
- \$1.6 billion in additional state TANF MOE.⁶

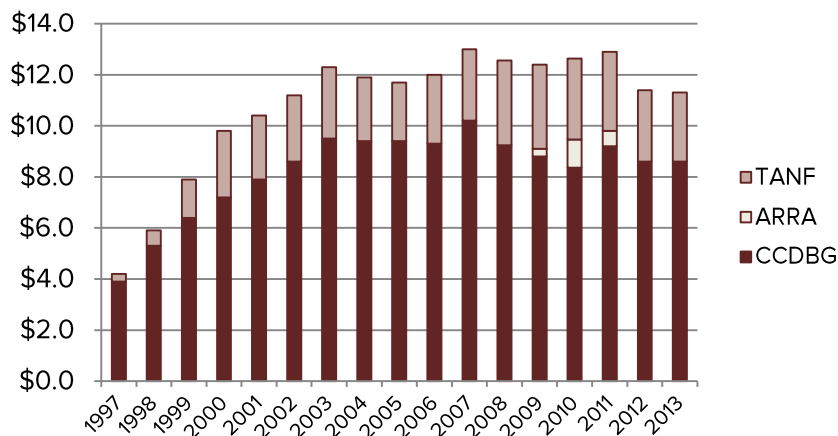
We include in our summation all funds a state spent during FY 2013, including those appropriated in prior years. By law, states have several years to obligate and spend CCDBG funds. Because CCDBG funds are available for several years after they are awarded, annual CCDBG *spending* is often higher than annual *funding* as states spend funds from several years' appropriations. Our analysis may differ from analyses based on state fiscal years, which may encompass different months than the federal fiscal year (which runs October 1 to September 30).

A total of 28 states spent less on child care assistance in 2013 compared to the previous year. Four states decreased spending by more than 30 percent: Iowa, Maine, Nebraska, and Nevada. An additional two states decreased spending by 20-30 percent: Hawaii and Missouri. In contrast, Georgia and the District of Columbia increased spending by 20 percent or more (see Appendix for state data).

CCDBG Funds

- **In 2013, spending within CCDBG increased nominally by \$8 million from the previous year.**
- **In 2013, 34 states spent fewer CCDBG funds than the previous year.** Three states reduced CCDBG expenditures by more than 30 percent: Iowa, Nebraska, and Nevada. An additional four states decreased spending by 20-30 percent: Alaska, Maine,

Figure 1. Total Combined State and Federal Child Care Spending (in billions), 1997-2013



Source: CLASP calculations based on HHS data

Missouri, and Wisconsin. Two states (Arkansas and Georgia) increased spending by more than 20 percent from the previous year.

- Most states met their match and MOE requirements, and some states reported spending above their requirements.** In 2013, four states--California, Florida, West Virginia, and Wyoming--reported spending above their state matching requirement with funds totaling \$46 million. In 2013, five states did not provide enough matching funds to draw down all federal matching funds and, therefore, had to release (or return) the money back to the federal government to be reallocated to other states. These states include: Idaho (released \$9.9 million); Kansas (released \$170,000); Maine released (\$4.1 million); Rhode Island (released \$500,000); and Utah (released \$46,000) for a total of \$14.7 million in 2014.

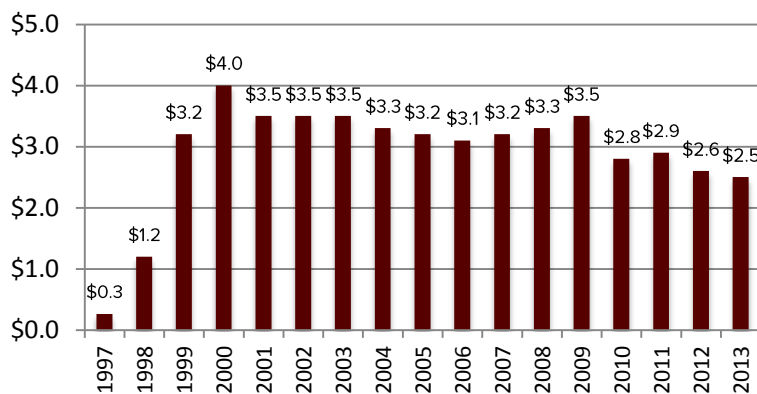
TANF Funds

- In 2013, federal TANF transfers to CCDBG increased slightly, while TANF funds used directly for child care continued their decline.** During the early years of TANF, the amount directed to child care grew from under \$300 million in 1997 to a high of \$4 billion in 2000. That figure then began to fall until reaching \$2.5 billion in 2013 (see figure 2).

In 2013, TANF direct spending on child care assistance decreased from 2012 by more than \$123 million to \$1.1 billion. TANF transfers to CCDBG increased nominally by \$9 million to \$1.4 billion. In 2013, 18 states spent \$1.6 billion dollars (consistent with the previous year) in TANF MOE dollars in excess to CCDBG MOE.⁷ States may claim MOE spending towards both TANF and CCDBG MOE. TANF dollars are being stretched even farther because the TANF block grant has not been adjusted for inflation since its creation in 1996, and thus has lost about one-third of its value.

Eight states transferred 30 percent of their TANF block grant (the maximum amount allowed) to CCDBG or a combination of CCDBG and SSBG: Alaska, Florida, Idaho, Indiana, Massachusetts, Mississippi, Nebraska, and Oklahoma. Seven additional states transferred 25-29 percent of their TANF funds: Iowa, Kansas, Montana, New York, North Carolina, Vermont, and Wisconsin.

Figure 2. Federal TANF Funds Used for Child Care (Transfer and Direct), 1997-2013 (in billions)



Source: Administration for Children and Families TANF Financial Data

CCDBG Participation

Fewer Children Received Child Care Services

In 2013, according to preliminary data, 1.46 million children were served by CCDBG in an average month, the lowest number since 1997. Since 2006, the

number of children receiving CCDBG-funded child care has fallen by approximately 315,000 children (see figure 3). It is unclear how many children received child care funded directly by TANF because states are only required to report the number of children served by CCDBG to HHS.

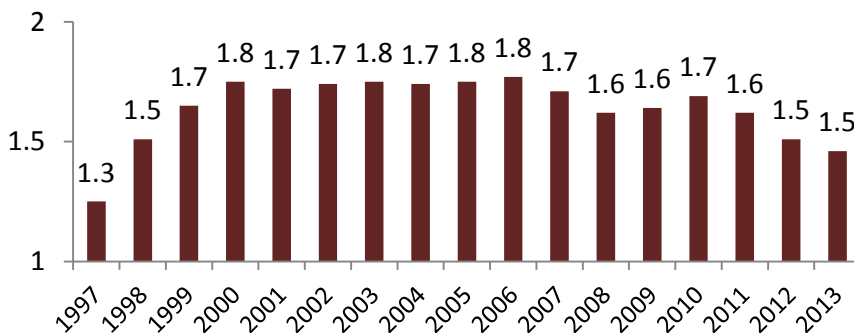
According to HHS, only 17 percent of children eligible to receive assistance under federal rules were served in 2011,⁸ even before the decline in children served from 2011-2013.

A Look Ahead: Greater Investments Needed

While the federal funding picture is uncertain, and FY 2016 funding decisions have not been made, the potential for cuts to child care assistance loom. Sequestration, or automatic, across-the-board spending cuts, is scheduled to resume in 2016, and budget proposals in the House and Senate would result in **funding reductions for child care**. Sequestration cuts would further reduce funding available for child care in 2016 and likely result in fewer children being served through the program.

Moreover, states are facing increased need for funds due to the recent reauthorization of CCDBG in November 2014, its first reauthorization in 18 years. The reauthorization marks an important step forward for improving the health, safety, and quality of child care and making it less burdensome for families to get and keep child care assistance; however, the full potential of the law can only be realized with significant investments necessary to implement costly provisions. Unlike the past two reauthorizations, in 1990 and 1996, this law was not accompanied with a guarantee of new federal funds. While states will be positioned differently with respect

Figure 3. Average Monthly Number of Children Served in CCDBG in the United States Federal FY 1997-2013 (in millions)



Source: HHS administrative data. FY 2013 data are preliminary.

to the extent of policy changes needed to comply with the law, all states will face some new costs, and in many states these costs will be substantial.

More federal and state investments are critical given both the increased costs to state child care assistance programs and to prevent a further reduction in the number of children and families able to receive child care assistance.

¹ Hannah Matthews and Christina Walker, *Child Care Assistance: Helping Parents Work and Children Succeed*, CLASP, 2014, <http://www.clasp.org/resources-and-publications/publication-1/Child-Care-Assistance-Helping-Parents-Work.pdf>.

² Spending and participation data from the Department of Health and Human Services, Administration for Children & Families, Office of Child Care is available at <http://www.acf.hhs.gov/programs/occ/data>. Participation data for 2013 is preliminary.

³ CLASP's analysis is based on data reported by the U.S. Department of Health and Human Services, Administration for Children & Families, Office of Child Care, at <http://www.acf.hhs.gov/programs/occ/resource/ccdf-statistics>. The number of children served with TANF-funded child care is not reported.

⁴ For more detailed analysis of 2013 participation data see Hannah Matthews and Stephanie Schmit *Child Care and Development Block Grant (CCDBG) Participation Continues to Fall*, CLASP, 2014, <http://www.clasp.org/resources-and-publications/publication-1/CCDBG-Participation-2013-Factsheet-1.pdf>.

⁵ States also transferred \$1.4 billion in federal TANF funds to CCDBG. Once transferred, these TANF funds are subject to CCDBG rules and may be spent over several years. When spent, they are reported as CCDBG spending; therefore, we do not include these dollars in our sum of total year spending.

⁶ States may claim spending towards both TANF and CCDBG MOE. This figure excludes approximately \$928 million that may be "double counted" as CCDBG MOE and TANF MOE. Total TANF MOE spent on child care was \$2.5 billion in 2013.

⁷ Ibid.

⁸ U.S. Department of Health and Human Services, Office of Human Services Policy, Office of the Assistant Secretary for Planning and Evaluation, *ASPE Issue Brief: Estimates of Child Care Eligibility and Receipt for Fiscal Year 2011*, 2015, http://aspe.hhs.gov/hsp/15/ChildCareEligibility/ib_ChildCareEligibility.pdf.



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Appendix. State Child Care Expenditures (CCDBG and TANF Combined) and Monthly Average Number of Children Served (CCDBG), 2012-2013

State	Total Child Care Spending (CCDBG and TANF) FY 2012	Total Child Care Spending (CCDBG and TANF) FY 2013	Dollar Change	Percent Change	Average Monthly Number of Children Served (CCDBG Only) FY 2006	Average Monthly Number of Children Served (CCDBG Only) FY 2012	Average Monthly Number of Children Served (CCDBG Only) FY 2013	Change in Number of Children Served (2006 to 2013)	Change in Number of Children Served (2012 to 2013)
Alabama	\$105,547,486	\$99,093,856	-\$6,453,630	-7%	28,000	26,000	25,200	-2,800	-800
Alaska	\$38,884,983	\$38,356,223	-\$528,760	-1%	4,900	4,200	3,600	-1,300	-600
Arizona	\$148,516,933	\$158,471,897	\$9,954,964	6%	30,200	27,500	22,800	-7,400	-4,700
Arkansas	\$61,766,749	\$76,037,580	\$14,270,831	19%	5,600	7,100	7,800	2,200	700
California	\$1,537,215,121	\$1,641,391,088	\$104,175,967	6%	175,500	101,300	111,000	-64,500	9,700
Colorado	\$98,554,481	\$101,538,282	\$2,983,801	3%	16,300	15,800	15,900	-400	100
Connecticut	\$117,739,154	\$112,568,333	-\$5,170,821	-5%	10,100	9,600	9,600	-500	0
Delaware	\$66,082,830	\$78,354,427	\$12,271,597	16%	7,500	7,500	7,700	200	200
District of Columbia	\$70,546,892	\$87,966,833	\$17,419,941	20%	3,700	1,300	1,700	-2,000	400
Florida	\$660,069,141	\$649,972,721	-\$10,096,420	-2%	108,600	83,600	84,700	-23,900	1,100
Georgia	\$154,132,390	\$234,821,097	\$80,688,707	34%	64,600	45,800	55,000	-9,600	9,200
Hawaii	\$50,256,320	\$41,734,729	-\$8,521,591	-20%	8,600	9,300	9,100	500	-200
Idaho	\$26,200,633	\$22,939,748	-\$3,260,885	-14%	9,900	5,800	4,800	-5,100	-1,000
Illinois	\$904,000,868	\$920,494,718	\$16,493,850	2%	82,200	52,800	53,200	-29,000	400
Indiana	\$183,988,737	\$197,852,671	\$13,863,934	7%	32,800	34,200	36,600	3,800	2,400



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Iowa	\$110,999,747	\$71,174,110	-\$39,825,637	-56%	19,400	15,800	15,500	-3,900	-300
Kansas	\$84,801,935	\$83,198,113	-\$1,603,822	-2%	22,400	19,200	17,600	-4,800	-1,600
Kentucky	\$192,323,371	\$171,677,462	-\$20,645,909	-12%	28,900	26,000	19,100	-9,800	-6,900
Louisiana	\$108,757,486	\$94,833,220	-\$13,924,266	-15%	39,100	28,700	24,000	-15,100	-4,700
Maine	\$28,798,099	\$21,563,006	-\$7,235,093	-34%	5,400	2,700	1,500	-3,900	-1,200
Maryland	\$129,795,930	\$125,684,455	-\$4,111,475	-3%	22,900	18,900	17,300	-5,600	-1,600
Massachusetts	\$448,338,580	\$430,416,753	-\$17,921,827	-4%	32,100	27,900	28,000	-4,100	100
Michigan	\$190,477,039	\$187,579,280	-\$2,897,759	-2%	87,800	54,200	46,600	-41,200	-7,600
Minnesota	\$212,139,341	\$190,412,697	-\$21,726,644	-11%	27,300	25,700	25,700	-1,600	0
Mississippi	\$74,446,338	\$78,429,261	\$3,982,923	5%	39,100	19,500	18,300	-20,800	-1,200
Missouri	\$201,240,397	\$161,225,134	-\$40,015,263	-25%	33,600	47,900	35,600	2,000	-12,300
Montana	\$28,462,275	\$25,944,087	-\$2,518,188	-10%	4,800	4,100	3,900	-900	-200
Nebraska	\$104,760,450	\$60,745,308	-\$44,015,142	-72%	13,100	10,900	12,600	-500	1,700
Nevada	\$57,727,870	\$39,728,403	-\$17,999,467	-45%	6,000	4,800	4,000	-2,000	-800
New Hampshire	\$29,914,696	\$30,347,382	\$432,686	1%	7,500	5,000	5,400	-2,100	400
New Jersey	\$239,744,232	\$262,630,095	\$22,885,863	9%	37,900	31,400	41,000	3,100	9,600
New Mexico	\$63,284,304	\$72,434,389	\$9,150,085	13%	21,600	19,800	18,300	-3,300	-1,500
New York	\$825,690,829	\$981,197,717	\$155,506,888	16%	123,700	122,700	113,200	-10,500	-9,500
North Carolina	\$426,440,483	\$397,674,787	-\$28,765,696	-7%	79,900	77,900	64,800	-15,100	-13,100
North Dakota	\$10,949,418	\$11,584,127	\$634,709	5%	4,000	2,300	2,200	-1,800	-100
Ohio	\$693,651,110	\$620,989,464	-\$72,661,646	-12%	39,900	47,500	48,500	8,600	1,000
Oklahoma	\$151,521,179	\$166,344,912	\$14,823,733	9%	25,000	24,800	24,300	-700	-500
Oregon	\$86,309,033	\$97,405,754	\$11,096,721	11%	20,200	13,900	15,000	-5,200	1,100
Pennsylvania	\$670,004,154	\$621,807,932	-\$48,196,222	-8%	82,800	95,600	92,800	10,000	-2,800
Rhode Island	\$44,141,778	\$44,399,890	\$258,112	1%	7,100	5,700	5,600	-1,500	-100

South Carolina	\$73,560,908	\$79,473,880	\$5,912,972	7%	19,700	15,500	13,800	-5,900	-1,700
South Dakota	\$17,728,578	\$15,861,531	-\$1,867,047	-12%	4,900	5,400	4,900	0	-500
Tennessee	\$191,808,583	\$194,136,410	\$2,327,827.00	1%	42,500	38,900	38,800	-3,700	-100
Texas	\$623,707,557	\$595,281,204	-\$28,426,353	-5%	126,200	122,800	113,300	-12,900	-9,500
Utah	\$64,932,852	\$66,190,091	\$1,257,239	2%	13,000	12,500	12,300	-700	-200
Vermont	\$36,110,633	\$40,729,357	\$4,618,724	11%	6,800	4,500	4,400	-2,400	-100
Virginia	\$184,171,539	\$169,938,565	-\$14,232,974	-8%	27,900	21,200	25,000	-2,900	3,800
Washington	\$285,608,070	\$286,098,194	\$490,124	0%	53,200	39,100	41,600	-11,600	2,500
West Virginia	\$67,866,353	\$57,690,699	-\$10,175,654	-18%	9,300	8,000	7,300	-2,000	-700
Wisconsin	\$331,037,830	\$305,908,274	-\$25,129,556	-8%	29,500	34,200	28,800	-700	-5,400
Wyoming	\$22,584,544	\$19,868,668	-\$2,715,876	-14%	4,700	4,700	3,900	-800	-800
United States	\$11,394,483,500	\$11,312,580,758	-\$81,902,742	-1%	1,770,100	1,507,300	1,455,100	-315,000	-52,200

Note: U.S. totals include expenditures in U.S. territories and do not equal the sum of state expenditures shown here.