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CHILD CARE ASSISTANCE LANDSCAPE: INEQUITIES IN FEDERAL AND STATE ELIGIBILITY AND ACCESS

Alycia Hardy, Stephanie Schmit, and Rachel Wilensky | June 2024

EXECUTIVE SUMMARY

Child care is essential. It supports family well-being and child development, improves family economic stability and mobility, and contributes to broader economic growth.[1] Child care allows parents to go to work, school, job training, or meet other needs while children are cared for in nurturing environments where they can learn and grow.[2, 3] However, the high cost of child care can be a major barrier for many families, especially those with low incomes. Federal programs such as the Child Care and Development Block Grant (CCDBG) can help these families better afford child care. CCDBG is the primary federal funding source for states to provide financial assistance to qualifying families in the form of a subsidy or assistance to pay for child care. The subsidy is used to reimburse or pay some or all the fees that child care providers charge families.[4] While the federal government provides a significant portion of CCDBG funding to states, states must also contribute funds to receive the full amount of available federal dollars and meet reporting and other federal requirements.[5] CCDBG has never been funded at a sufficient level to serve all eligible children.

This report examines data on eligibility for and access to CCDBG subsidies during fiscal year (FY) 2020. For the federal government, FY2020 began October 1, 2019, and concluded September 30, 2020, overlapping with the beginning of the COVID-19 pandemic. During this time the federal government provided additional funding and state flexibility for those funds to help lessen the devastating impacts of the pandemic on child care access for essential workers and the sustainability of child care businesses.[6]

Building on CLASP's 2019 report that used FY2016 data, "Inequitable Access to Child Care Subsidies," this report expands on previous analyses by including data on potential eligibility, which means children who are estimated to meet the minimum state and/or federal requirements to receive child care assistance through CCDBG.[7] This allows for a more comprehensive understanding of access and need as defined by income eligibility. The data in this report are disaggregated, or separated, by each state and the District of Columbia (D.C.), by race and ethnicity, and are based on federal and state income eligibility limits. Throughout this report, "access to" a subsidy is synonymous with "receipt of" a subsidy.

Key Findings on Potential Eligibility for and Access to a CCDBG Subsidy in 2020:

- Thirty percent of all children ages 0-13 were potentially eligible to receive a CCDBG subsidy based on federal income eligibility, which is the maximum amount a family can earn and still receive assistance according to federal requirements. Of these children, only 10 percent (or one in 10 children) had access to a subsidy.
- Twenty percent of all children ages 0-13 were potentially eligible to receive a CCDBG subsidy based on state income eligibility, which is the maximum amount a family can earn and still receive assistance according to state requirements. Of these children, only 14 percent (or one in seven children) had access to a subsidy.
- Eligible families' access ranged from 3 percent in Montana to 16 percent in Pennsylvania based on federal income eligibility, regardless of race or ethnicity.
- Eligible families' access ranged from 7 percent in in D.C. to 27 percent in Alabama based on state income eligibility, regardless of race or ethnicity.
- Black/African American children had the highest access rates, while Asian children had the lowest access rates, based on both federal and state income limits.

- In no state did more than 50 percent of all potentially eligible children in any racial or ethnic group receive a subsidy based on both federal and state income limits.
- Black/African American and Hispanic/Latino children had the highest rates of potential eligibility while Asian and white children had the lowest rates, for both federal and state income limits.

CLASP analyses show clear variations in potential eligibility for and access to child care subsidies provided through CCDBG in FY2020. Variations in potential eligibility reflect how need can be greater within some racial and ethnic groups, which is a result of long-standing, compounded systemic racial and economic inequities more broadly, including employment, income, housing, and health. This can mean that within some racial and ethnic groups, economic inequity can create disproportionate need for financial assistance to afford and access child care. State and federal policy decisions including budgets, use of funds, application requirements, verification processes, and more can contribute to variation in access across states and between racial and ethnic groups.[8] State policy choices can also impact subsidy use, such as what types of care to fund, where that care is located, resources to increase the number of available providers participating in the subsidy system, and if those providers' programs can truly meet child and family need. This report provides a starting point for understanding what variations exist across states, differences across racial and ethnic groups, and how subsidy receipt is an important first step in measuring equitable access to child care through CCDBG. As specific policy-, administrative-, and implementation-focused solutions may look different to fit the specific needs in a state, for a provider, or for a family, we have included some key considerations when developing those solutions:

- **Making robust, consistent, and inclusive long-term investments.**
- **Ensuring that efforts to improve CCDBG account for and disrupt broader systemic racial and economic inequities.**
- **Improving data collection to support the number and types of programs families need, where they need them.**
- **Equitably increasing financial and other supports for providers and staff, without creating additional economic burdens for families.**

INTRODUCTION

All families deserve access to affordable child care that meets their full range of needs, regardless of race, ethnicity, income, or where they live. Child care that is culturally affirming, linguistically appropriate, reliable, consistent, and offered in a safe and nurturing environment where children can learn and grow is essential for child well-being. Access to child care that fully meets the individual needs of children and families builds economic stability and strengthens family well-being. Yet of the many barriers that contribute to limited child care access, affordability can be one of the most daunting—especially for families with low incomes.[9] To help support these families, the federal government provides funding to states through the Child Care and Development Block Grant (CCDBG).[10]

Generally, the federal government provides a set amount of funding each year to support child care access and quality through CCDBG. These resources are a combination of mandatory funds (not requiring annual approval by Congress) and discretionary funds (requiring annual approval by Congress).[11] Mandatory funds are sometimes referred to as the Child Care Entitlement to States and are provided through the Social Security Act. Discretionary funds are authorized through the Child Care and Development Block Grant Act of 1990, which has since been reauthorized through the Child Care and Development Block Grant Act of 2014. These two combined funding streams are often referred to as the Child Care Development Fund (CCDF). For the purposes of this report, CCDBG and CCDF may be used interchangeably.

While CCDBG is the primary federal funding source for states to help families with low incomes afford child care as well as help improve child care quality for all, decades of limited federal and state investments and rising costs only allow a small portion of families to access the program.[12] And longstanding systemic economic and racial inequities both in child care and broader society often mean that the barriers to accessing and affording comprehensive care is compounded or worse for Black/African American, Hispanic/Latino, and other families of color, who—as a consequence of racism—have higher proportions of families with low incomes.[13, 14] All families deserve access to child care that fully meets their needs, but far too many cannot afford it, and only a small fraction of those children and families gain access to child care assistance through CCDBG.

Our analyses demonstrate:

- **Access to subsidies was low for all children.** Only 10 percent of potentially eligible children received a subsidy based on federal income eligibility. When based on state income eligibility limits, 14 percent of potentially eligible children received subsidies.
- **Access to subsidies varied by race and ethnicity.** Black/African American children had the highest rate of access and Asian and multiracial children had the lowest rates of access nationally when compared to potentially eligible children of other racial and ethnic groups. However, in no state did more than 50 percent of all potentially eligible children in any racial or ethnic group receive a subsidy based on federal or state income limits.

- **Access to subsidies varied by state.** The percentage of potentially eligible children served in CCDBG varied greatly across states, both generally and by race and ethnicity. Based on federal eligibility, regardless of race or ethnicity, access ranged from 3 percent in Montana to 16 percent in Pennsylvania. Based on state eligibility, regardless of race or ethnicity, access ranged from 7 percent in D.C. to 27 percent in Alabama.
- **Potential eligibility for a CCDBG subsidy is impacted by the state income limit.** Nationally, based on the federal income eligibility limit, 30 percent of all children ages 0-13 were potentially eligible to receive a subsidy. However, because states can set their initial child care assistance income eligibility limit (when families first apply to receive a subsidy) lower than the federal maximum income, only an estimated 20 percent of children ages 0-13 were eligible to receive a subsidy based on individual state income limits. If every state had raised the initial income limit to meet the federal maximum of 85 percent of the State Median Income (SMI) in FY2020, CLASP estimates the number of potentially eligible children would have increased by nearly 50 percent.
- **Potential eligibility by race and ethnicity showed disproportionate representation.** Black/African American children had the highest rate of potential eligibility nationally when compared to any other racial or ethnic group and were overrepresented among potentially eligible children when compared to the overall population of children ages 0-13.[15] Asian children had the lowest rates of potential eligibility when compared to any other racial or ethnic group and were underrepresented among potentially eligible children when compared to the overall population of children ages 0-13, nationally.[16] This means that the percentage of all potentially eligible Asian children is lower than the percentage of all Asian children under age 13.
- **Potential eligibility varied by state**. There was great variation in the percentage of potentially eligible children in each state based on federal income eligibility. These percentages ranged from 21 percent of children in Hawaii to 36 percent of children in Rhode Island being potentially eligible.

CCDBG FEDERAL LAW AND STATE POLICY FLEXIBILITY

CCDBG is structured as a block grant. This means that each state gets a fixed amount of funds from the federal government each year, which determines the number of families who can access a child care subsidy. Therefore, the level of access in any state is driven by the amount of available funding, instead of need (within the requirements of the current program) determining how much funding is available. As such, far less funding is available than what is needed to serve all families who could benefit. In addition, federal law allows states flexibility in creating child care programs and policies that best suit the needs of children and families in each state within broad federal parameters.[17] Three key federal requirements establish broad parameters around eligibility:

- With some exceptions for children with disabilities, all children must be under the age of 13.[18]
- All available parents or guardians residing with a child must participate in an eligible activity such as working, job training, looking for a job, or attending school.
- Family incomes must not exceed 85 percent SMI, though states are allowed to set income eligibility for new program applicants lower than this, and most do.[19]

It is important to keep in mind that variations in eligibility for and access to subsidies in each state reflect both broader systemic racial, ethnic, and economic inequities as well as specific state policy decisions. Those decisions can further impact subsidy use through what types of care are funded; where that care is located; how quality is defined; equitable access to resources that help increase the number of providers participating in the subsidy system; and whether those programs can truly meet the diverse needs of children and families.

STAGNANT FUNDING AND RISING COSTS

Despite general bipartisan agreement on child care costs being high and the benefit of having access to affordable, reliable, and quality child care, federal investments over the last 15 years have not kept up with inflation, let alone need. In FY2020, because of the far-reaching and devastating harms caused by the COVID-19 pandemic, Congress invested an additional $3.5 billion in funding through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to address immediate exacerbated needs. When including funds through the CARES Act, total federal funds were $12.3 billion in grant year (GY) 2020.[20] Even when not accounting for this additional funding, CCDBG reached its peak federal funding level of $8.8 billion in FY2020 (figure 1). This represents a 7 percent increase in federal funds from FY2019 to FY2020.[21] Over the last 15 years, when excluding one-time CARES Act emergency funds, there has been a 76 percent increase in federal investments.[22] However, this percentage does not account for inflation, which is the change in the dollar's spending power over time. When adjusted for inflation, these investments only increased by 37 percent in the last 15 years.[23]

Pandemic Challenges and Relief

The COVID-19 pandemic exposed and worsened longstanding inequities in affording and accessing child care as well as maintaining a child care business—particularly for communities with low incomes as well as Black/African American, Hispanic/Latino, and other communities of color.[24] Some providers remained open in the late winter and early spring of 2020, as the pandemic began, to accommodate the children of essential employees according to federal and state definitions.[25] However, in the spring of 2020 an estimated 63 percent of child care centers and 27 percent of family child care home businesses were closed.[26] Those immediate temporary closures were out of an abundance of caution in the face of a devastating global health emergency, though all but one state allowed providers serving CCDF families to remain open during this time.[27] To support providers receiving CCDF funding at the onset of the pandemic, the Office of Child Care (OCC) implemented short-term temporary administrative measures.[28] For example, providers serving families supported by CCDF could continue to receive pay for an enrolled child even if the child was kept home due to illness. As restrictions began to lift, the rippling effects of closures and reduced enrollment were clear as many providers struggled to reopen due to:

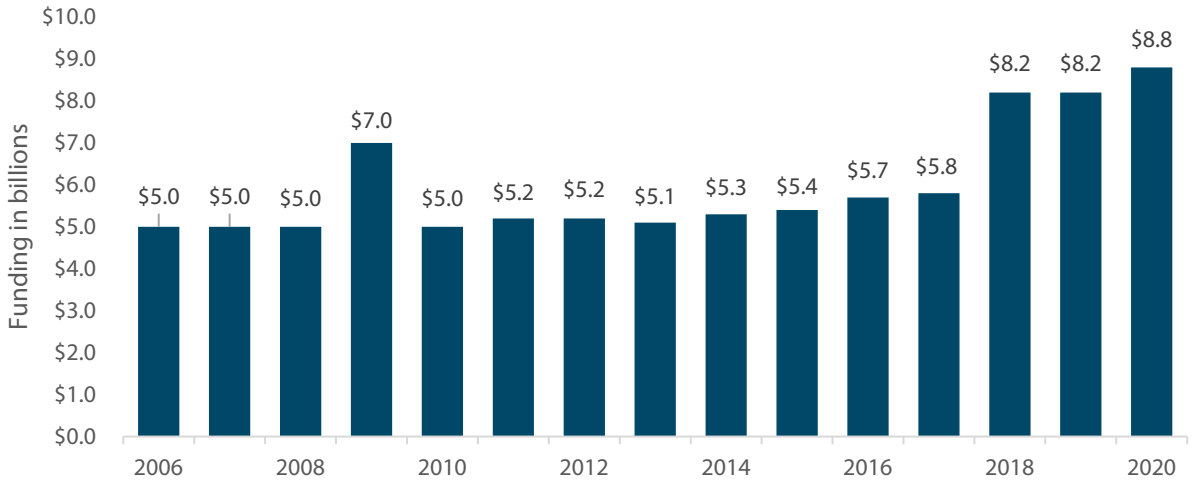
- Difficulties affording increased costs from rising inflation and meeting and maintaining new health and safety requirements.
- Staff shortages and competitive wages from retail, restaurant, and other sectors.
- Inconsistent enrollment and attendance.
- Some families having found new arrangements during temporary closures.

In response to this crisis, federal and state governments allocated funds and created programs to support child care and early education businesses as well as families, and children. These resources extended beyond the child care providers that were receiving subsidies to reach many additional providers across the country. The federal government allocated child care and early education relief funding through the Paycheck Protection Program (PPP); the CARES Act; and the Coronavirus Response and Relief Supplemental Appropriations Act. These resources were available to providers beyond the subsidy system and were focused on helping them re-open or remain open as many were being forced to permanently close. Yet access to these resources was not equitable: child care centers were more likely to have access than home-based providers and Black-owned businesses to PPP loans.[29] During this time the federal government began to significantly increase CCDF funding—which some states began spending in 2020—and allowed a range of flexibilities such as reimbursing services for children of essential employees, regardless of income.[30] OCC attributes the modest increase in children served in FY2020 to the additional funds and flexibilities in response to the pandemic.[31] The rippling effects of COVID-19 are still present today, with fewer providers, widespread staff shortages, rising costs, the winding down of federal relief funding, more restrictive state budgets, and the reversal of CCDF policy flexibilities due to limited funding and rising costs.

While the impacts of the pandemic on the child care sector are, in many ways, still ongoing, the data and analyses in this report only detail the number of children who were potentially eligible and the number of children who were reached. Future analysis of additional and broader data will be essential to truly understand the full impact of the pandemic on the child care sector as well as funding and policy decisions to address harms.

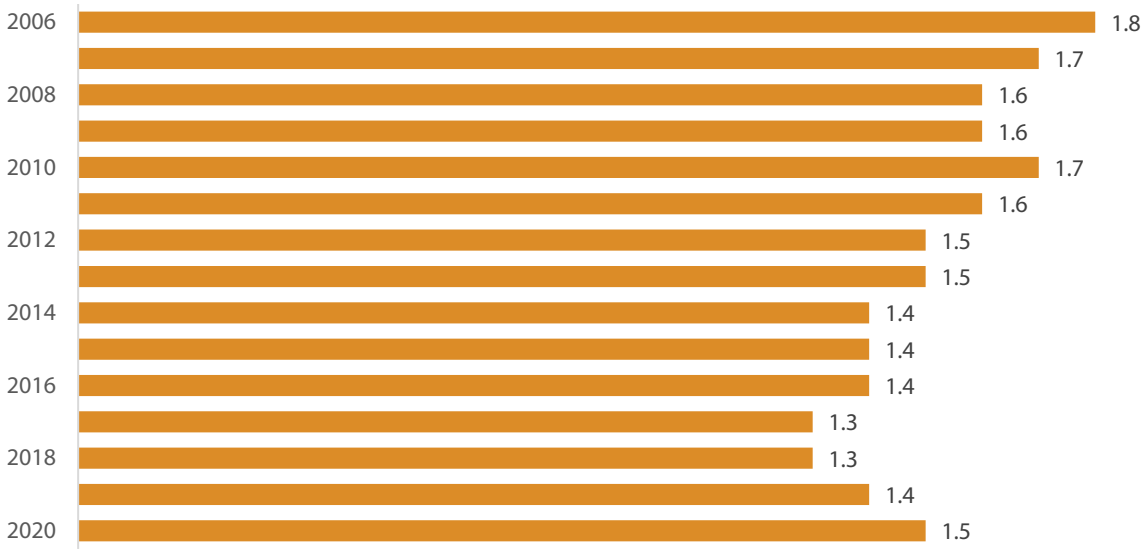
As a result of stagnant funding, inflation, and the rising cost of providing child care, CCDBG access has not returned to the peak participation level seen in FY2006. In fact, since FY2006, there has been a 16 percent decrease in the number of children served through CCDBG (Figure 2).

Figure 1. Federal Funding Allocations for CCDBG, FY2006 - GY2020 (in billions)



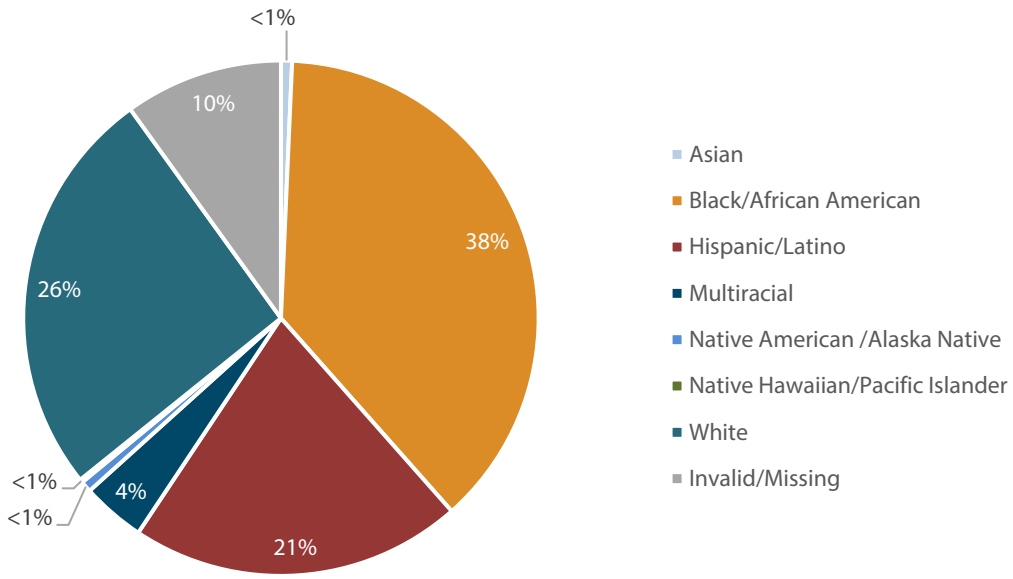
Source: CLASP analysis of Administration for Children and Families, Office of Child Care allocations based on appropriations 2006-2020, https://www.acf.hhs.gov/occ/data/ccdf-state-and-territory-funding-allocations. Totals for all years include reallocated/redistributed funds. This chart includes combined federal mandatory and discretionary funding. FY2009 includes $2 billion one-time ARRA funding, but GY2020 does not include the $3.5 billion in one-time CARES Act emergency funding. The chart also does not include state and federal funds such as TANF, Social Services Block Grant, or other sources.

Figure 2. National Average Monthly Number of Children Served in CCDBG, FY2006 - FY2020 (in millions)



Source: CLASP analysis of Administration for Children and Families, Office of Child Care national average monthly number of children served in CCDBG 2006-2020, Table 1: Average Monthly Adjusted Number of Families and Children Served. Totals for all years include children served in territories, values are rounded. The number of children served represented in the chart only includes children served with CCDF funds and does not include children supported by federal funds such as TANF, Social Services Block Grant, or other sources.

Figure 3. Average Monthly Percent of Children Served in CCDBG by Race and Ethnicity, FY 2020



Source: CLASP analysis of Administration for Children and Families, Office of Child Care national average monthly number of children served in CCDBG and percentage of children served by race and ethnicity in FY2020, and CLASP calculations based on the percentages of children served by race and ethnicity. The percentages do not include data for territories.

OVERVIEW OF CLASP ANALYSIS

This report includes national and, where possible, state estimates on all children ages 0-13, the share of children with working parents who are potentially eligible to receive a CCDBG subsidy based on income, and the proportion of potentially eligible children who received a subsidy in FY2020. These estimates are disaggregated, or grouped, by race and ethnicity to identify and compare subsidy eligibility and receipt. Including analyses on both eligibility and receipt creates a more comprehensive understanding of inequitable access to child care subsidies based on need, as measured by family income.

For the purposes of this analysis, children are "potentially eligible" if they are under age 13 (meaning that they lose eligibility when they turn 13), if all available parents or guardians in the household are working, and if they live in households with incomes below the maximum state or federal income eligibility limit. Our estimates do not include additional state-defined eligibility parameters that could be a qualifying reason to receive a subsidy. For example, if a child's state of residence allows it, they could be eligible to receive a subsidy if their parent(s) participates in eligible activities through the receipt of TANF. Another example is a child and/or family fitting within a state's definition of vulnerable populations. States have the flexibility to determine the parameters of who fits this definition, such as children experiencing homelessness children living in foster or subsidized guardianship care; being the child of a teen parent; or being at risk of needing protective services.[32] In addition, a child could be older than age 12 but can continue receiving services based on their disability status, if they are under state supervision, or if they are receiving protective services.[33]

CLASP's estimates on age, family income, and race and ethnicity of children in each state are derived from the U.S. Census Bureau's American Community Survey (ACS). The ACS is an ongoing survey used to gather the characteristics of millions of households each year. The number of children served in each state by race and ethnicity is based on the number of children who received CCDBG-funded subsidies in FY2020, as reported by each state to the Office of Child Care (OCC) within the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services (HHS). In each state, additional children may be served through other funding sources that support child care subsidy access. However, participation based on these funding sources is not publicly available nationally, so those data were not included in these analyses.

For the analyses included in this report, children whose ethnicity was identified as Hispanic/Latino are analyzed together, regardless of their race (including children whose race was missing or invalid). All non-Hispanic/Latino children are identified by their racial group (Asian, Black/African American, multiracial, Native American/Alaska Native, Native Hawaiian/Pacific Islander, and white).

We were unable to complete some state-level calculations for certain racial and ethnic groups due to the small sample sizes in the ACS. In addition, 15 states with high rates of missing or invalid race and ethnicity data, as reported to OCC, were excluded from individual state analyses in the national report.[34] However, all but one of those states are included in national aggregated analyses by race and ethnicity. Georgia, which did not report any data on race and ethnicity, is excluded from all state and national race and ethnicity analyses. For more information on our methodology and analytical limitations, see Appendix I. All data included in this brief are based on federal income eligibility limits, unless otherwise noted. We also developed fact sheets with individual state-level data based on state income eligibility limits, as well as an analysis of the aggregated data from each state based on state income eligibility limits, please access all of these resources **here.**

Navigating State and Federal Eligibility Differences

ACF sets the eligibility requirements for CCDBG at the federal level. However, states are given the flexibility to narrow those requirements, and many do. Throughout this national report, we use the broader federal eligibility requirements to determine the number of potentially eligible children, and the proportion who are served by the program. The state factsheets incorporate the state eligibility requirements for determining the number of potentially eligible children and the proportion who are served.

Estimating the Share of Children Receiving Child Care Assistance

Our analysis provides one method of estimating the share of potentially eligible children receiving child care assistance. Other published estimates of subsidy eligibility and receipt use different methodologies, data sources, and years of data resulting in different findings.

For example, the Office of the Assistant Secretary of Planning and Evaluation (ASPE) at HHS estimated that 21 percent (11 million) of all children under age 13 (52 million children) were potentially eligible to receive a child care subsidy during FY2020 based on federal rules.[35] Based on state rules, 14 percent (7.5 million) of all children under age 13 were estimated to be eligible. ASPE also estimated that 18 percent of potentially eligible children received a child care subsidy in FY2020 based on federal parameters and 26 percent based on state parameters. However, these calculations include all children receiving child care assistance through CCDBG as well as through TANF and the Social Services Block Grant (SSBG), unlike CLASP estimates. ASPE also uses the Transfer Income Model (TRIM) developed by the Urban Institute and is based on the Annual Social and Economic Supplemental of the Current Population Survey.[36] These variations in methodology, statistical tools, and measurement variables account for additional program eligibility parameters beyond income, age, and employment, which are the basis of CLASP estimates.

CLASP estimates that 30 percent of all children under age 13 were potentially eligible to receive a CCDBG subsidy in FY2020 based on federal income eligibility parameters and that just under 10 percent of those children received a subsidy. Our analyses use age, employment data, and income as a proxy (or combination of factors to represent eligibility) for CCDBG eligibility criteria and do not include individual state-defined eligibility criteria or broader reasons children can qualify for subsidies that may be included in the TRIM estimates. For example, the TRIM can account for variations in how states define family and how income from those family members are counted as well as what is included in the definition of income such as cash assistance from TANF or other public benefits. While the CLASP methodology limits the precision of our estimates of children eligible for CCDBG under current program rules, it provides a useful measure of the share of children in households with low incomes with working parents who do not have access to child care assistance.

For more information on our methodology and analytical limitations, please see Appendix I.

FINDINGS

Due to sample size limitations and missing data, as reported to the OCC, we were unable to analyze data for every racial and ethnic group in every state. In addition, 15 states were excluded from individual state analyses by race and ethnicity due to the amount of missing and invalid data that they reported to the OCC. However, the data from those 15 states—except Georgia due to all racial/ethnic data missing—were included in aggregated national analyses. All states were included in analyses that did not consider race and ethnicity.

The COVID-19 pandemic impacted Census data collection and poverty estimates during 2020.[37] Congress appropriated $3.5 billion in emergency COVID funding for CCDBG in FY2020 through the CARES Act.[38] Therefore, while this report builds and expands on the previous iteration, data from FY2016 and FY2020 are not comparable. However, these data are still important in gauging eligibility for and access to a subsidy, identifying variations across states and between racial and ethnic groups, and demonstrating the need for increased federal investments to states. For more information, see the description of our methodology and analytical limitations in Appendix I. In addition, the OCC noted that the modest increase in children served, as well as other changes in the observed data from FY2019–FY2020, is a result of pandemic-era funding and policy changes.[39] However, the full impact of these policy changes and increased funding will be more apparent in data from the following years (2021, 2022, 2023) as funding continued to increase, became even more broadly available, and policies became more flexible.

POTENTIAL ELIGIBILITY

Historically, this report has focused its analyses on the proportion of children in each racial and ethnic group with access to a CCDBG subsidy to examine inequities in access to child care subsidies.[40] With this updated version, data for potential eligibility are included in addition to subsidy access. This is done by estimating the number of all children under age 13 and the number of children potentially eligible to receive a subsidy in 2020 (according to federal eligibility limits) for each state by racial and ethnic group. We used these two numbers to calculate the percentage of all children who were potentially eligible to receive a CCDF subsidy within each state by racial and ethnic group. Estimates for potential eligibility can indicate which states, as well as racial and ethnic groups, may have increased need for access to a subsidy due to higher populations of families with low incomes as defined by income eligibility limits.

PERCENTAGES OF POTENTIALLY ELIGIBLE CHILDREN IN EACH RACIAL AND ETHNIC GROUP

Overall, potential eligibility varied greatly across states and by race and ethnicity. CLASP estimates that nearly 50 million children ages 0-13 lived in the United States in FY2020 and, of these children, 30 percent (15 million children) were potentially eligible to receive a CCDBG subsidy (Table 1). This means that nationally nearly one in three children were potentially eligible to receive a subsidy in FY2020. This rate ranged from 21 percent of all children in Hawaii to nearly 36 percent of all children in Rhode Island, based on federal income eligibility limits.

Estimated eligibility rates also varied greatly by race and ethnicity, with Black/African American children having the largest share of potentially eligible children. This means that of all the Black/African American children under age 13 in 2020, nearly half were potentially eligible to receive a subsidy that year. This rate is much higher than the rate for all children. In 27 of the 31 states with large enough sample sizes to analyze

data for Black/African American children, they had the highest rate of potential eligibility when compared to other groups. Hispanic/Latino, Native Hawaiian/Pacific Islander, and Native American/Alaska Native children also had higher estimated rates of potential eligibility when compared to the rate for all children. CLASP found that of all the Hispanic/Latino children aged 0-13 in 2020, 39 percent of those children were potentially eligible to receive a subsidy. Our estimates also found that 37 percent of all Native Hawaiian/Pacific Islander and 35 percent of all Native American/Alaska Native children aged 0-13 were potentially eligible (Table 1).

When compared to rates for all children, these high rates indicate that need based on family income is greater for Black/African American, Hispanic/Latino, Native American/Alaska Native, and Native Hawaiian/Pacific Islander children.[41] This increased need reflects both ongoing and historical systemic economic inequity rooted in racism that disproportionately impacts these children and their families.[42] Conversely, Asian and white children had the lowest rates of potentially eligible children; they were much lower than the national average, with an estimated 18 percent and 22 percent of children, respectively, in these racial groups being eligible.

Table 1. Children potentially eligible to receive a CCDBG subsidy by race and ethnicity, FY 2020

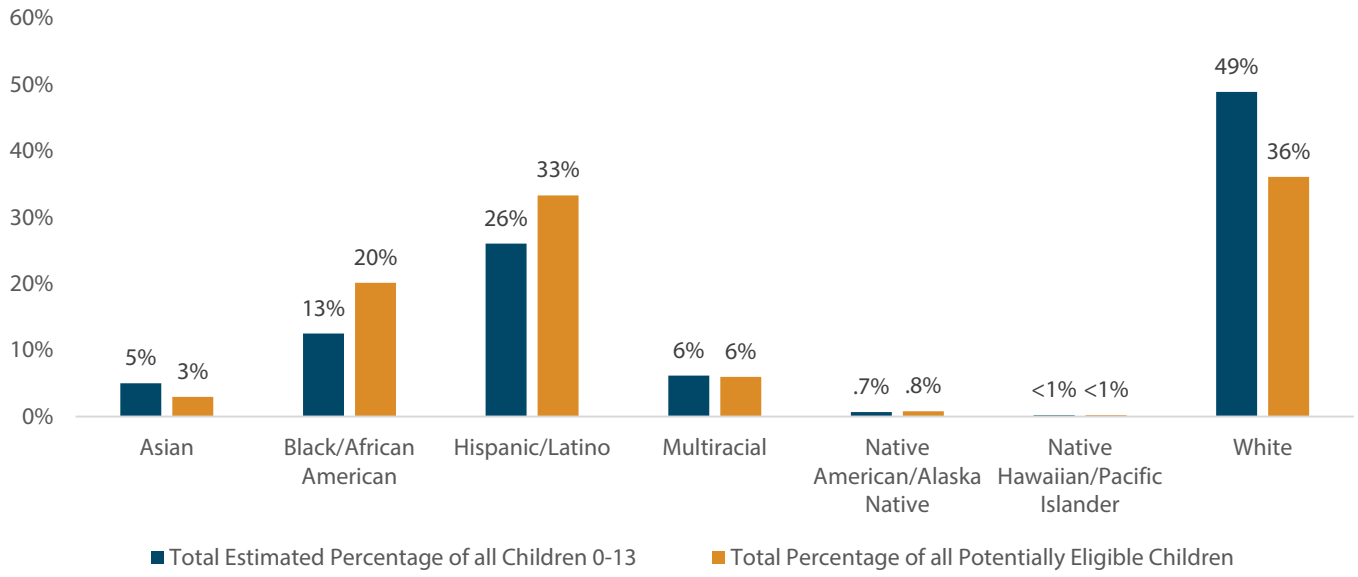
RACE/ETHNICITY[43]	CHILDREN POTENTIALLY ELIGIBLE FOR CCDF IN A RACIAL/ETHNIC GROUP CATEGORY[44]	
	%[45]	#[46]
All racial/ethnic groups	30	15,047,966
Asian	18	444,819
Black/African American	49	3,032,749
Hispanic/Latino	39	5,010,251
Multiracial	29	900,157
Native American/Alaska Native	35	119,292
Native Hawaiian/Pacific Islander	37	33,351
White	22	5,430,599

Source: CLASP analysis of American Community Survey 5-year (2017-2021), 1-year (2019), and 1-year (2021) data. **https://data.census.gov/mdat/#/.** The percentages do not add up to 100 percent since each racial/ethnic group is analyzed separately. The data can be read as, "of all the Asian children under age 13 in 2020, 18 percent were potentially eligible to receive a subsidy." The racial/ethnic categories included are not a comprehensive list of existing categories and sub-categories but are the aligned categories between ACS and ACF data. The total of each individual racial/ethnic group may not add up to the total for all racial/ethnic group because children identified as "other" are not included in this table.

COMPARING PERCENTAGES OF ALL CHILDREN AND POTENTIALLY ELIGIBLE CHILDREN BY RACIAL AND ETHNIC GROUPS

When data on the number of children 0-13 were disaggregated by race and ethnicity and compared to the proportions of potentially eligible children (based on federal income eligibility) by race and ethnicity, there is clear over- and underrepresentation for several groups (Figure 4).

Figure 4. Total Estimated Children Age 0-13 & Total Children Potentially Eligible to Receive a CCDF Subsidy (Based on Federal Income Eligibility) by Race & Ethnicity, FY 2020



Source: CLASP analysis of American Community Survey 5-year (2017-2021), 1-year (2019), and 1-year (2021) data. **https://data.census.gov/mdat/#/.** Totals for estimated children 0-13 and potentially eligible children categories may not add up to 100 percent due to rounding; exclusions of racial/ethnic categories that are too small to meet sample size requirements; and/or Census and ACF racial/ethnic categories were not aligned. Potential eligibility for this chart was calculated based on federal income eligibility.

Overrepresentation is identified in Figure 4, when the share of all potentially eligible children of a racial/ethnic group is higher than the percentage of all children under age 13 in that racial/ethnic group. For example, Black/African American and Hispanic/Latino children are overrepresented; while Black/African American children represent 20 percent of the potentially eligible population, they only represent 13 percent of the total population of children under age 13. And although Hispanic/Latino children represent 33 percent of the potentially eligible population, they only represent 26 percent of the total population of children under age 13. This overrepresentation indicates that within some racial and ethnic groups, economic inequity can create disproportionate need for financial assistance to afford and access child care.[47]

Underrepresentation is identified in Figure 4, when the percentage of all potentially eligible children a racial/ethnic group represents is lower than the percentage of all children under age 13 represented by that racial/ethnic group. Our estimates show that Asian and white children are underrepresented. While Asian children represented 5 percent of all children under age 13, they only represented 3 percent of all potentially eligible children. And while white children accounted for 49 percent of all children under age 13, they only accounted for 36 percent of all potentially eligible children. It's important to note that this is

in no way a call to increase the rates of potential eligibility for underrepresented children. Rather, it is meant to call attention to existing disproportionate need, as measured by income.

Analyzing data for the population of children who are potentially eligible for CCDBG is an important part of understanding the full picture and process of measuring access. For example, a higher proportion of potential eligibility in a racial or ethnic group can indicate increased broader systemic economic inequities that disproportionately impact that group. Racial and economic inequity are inextricably linked and deeply rooted in a history of exclusion, racism, and discrimination.[48] This is demonstrated through current disparities in employment, housing, income, and health, among other outcomes, that can result in a greater need for financial support to access child care.[49] Incorporating estimates of potential eligibility is important to highlight the inextricable link between racial and economic inequity and further demonstrate that far too many children in need go without access. It is also important, at the state level, for program administrators to use this information to understand the broader system in which families are living in order to make more informed policy decisions.

States have the flexibility to set income eligibility limits for newly applying families lower than the maximum federal income limit of 85 percent SMI, and most states do.[50,51] In FY2020, only California and Tennessee, as well as some counties in Texas, set income eligibility limits to the federal maximum of 85 percent SMI.[52] When states set a lower limit, this automatically reduces the pool of children who could be eligible for access.[53] In fact, CLASP estimates that an additional five million children, a near 50 percent increase, could have been eligible to receive access in FY2020 if all states had set initial income eligibility parameters at the maximum allowable level.[54]

The difference in state and federal income eligibility parameters varied greatly by state. Nebraska would have had the greatest increase in potentially eligible children were the FY2020 initial income limits increased. This change would have meant initial income eligibility limits went from 128 percent of the Federal Poverty Limit (FPL), equivalent to 38 percent SMI in Nebraska, to 283 percent FPL, equivalent to 85 percent SMI in Nebraska. That could have resulted in an estimated 216 percent increase in potentially eligible children in Nebraska. However, there would be little to no change in the number of potentially eligible children in states like California and Tennessee, as their initial eligibility limits were already at the federal maximum (see Appendix IV). This means even more children who are in need and could be eligible go without access to CCDBG every year. This is due in part to more restrictive state policies on income eligibility, but the primary reason is the program is severely underfunded.

ACCESS

Nationally, CCDBG access was low in FY2020. CLASP estimates that only 10 percent of the estimated 15 million potentially eligible children had access to a subsidy based on federal income eligibility limits (Table 2). When based on state income eligibility limits, this rate increases slightly to 14 percent of all potentially eligible children served in FY2020.

Based on federal eligibility, the subsidy access rate across states, regardless of race and ethnicity, ranged from a low of 3 percent in Montana to a high of 16 percent in Pennsylvania. When considering state income eligibility limits, access rates ranged from a low of 7 percent of children served in D.C. to a high of 27 percent of children served in Alabama.

Many Factors Impact Access

A variety of factors impact the numbers you see for each state in this report. It is important to understand that each state's unique structure and policy decisions ultimately impact the number of children who receive access to a child care subsidy. For example, D.C. uses multiple sources of funding to support child and family access to child care and early education programs. However, not all children who are served using those multiple sources of funding—including CCDF funds—are captured in the total children served using CCDF resources. For example, D.C. has a robust pre-kindergarten program for three- and four-year-olds that is largely funded by sources other than CCDF. Consequently, many of those children will not be captured in this data, although D.C. is reaching far more children with subsidized care than are reflected in the numbers in this report.

As a result, it is very important to dig into the complexities of a state when trying to fully understand the numbers outlined in this report. For example, the numbers in Alabama may lead you to believe that the state is doing a better job than others reaching children through subsidies because the percentage of eligible children served is very high. In fact, the reason the percentage of eligible children served is so high is because the state's eligibility threshold is so low. Alabama sets its income eligibility at 128 percent of FPL. Therefore, only a small number of children are eligible.

Numerous other factors may impact the number of children who receive subsidized care through CCDF and, subsequently, the data included in this report. These include, but are not limited to, the reimbursement rates that states set for care, outreach efforts, and additional state investments.

Access to CCDBG subsidies varied greatly across states and by race and ethnicity. Black/African American children had the highest rates of access (Table 2). Nationally, 17 percent of all potentially eligible Black/African American children were served based on federal income eligibility parameters, and 24 percent were served based on state income eligibility parameters. While Black/African American children had the highest rates of access, they were overrepresented among potentially eligible children and had the highest rates of potential eligibility when compared to other groups. Conversely, Asian children had the lowest access rate nationally, with only 4 percent of potentially eligible Asian children being served in FY2020 (Table 2). However, Asian children were underrepresented among potentially eligible children and had the lowest rate of potential eligibility when compared to other racial and ethnic groups.

Table 2. Estimate of potentially eligible children served in CCDBG by race and ethnicity, FY2020

RACE/ETHNICITY [55]	CCDF SUBSIDY RECEIPT IN A RACIAL/ETHNIC GROUP CATEGORY	
	% [56]	# [57]
All racial/ethnic groups	10	1,430,000
Asian	4	16,902
Black/African American	17	524,459
Hispanic/Latino	7	359,851
Multiracial	5	48,194
Native American/Alaska Native	8	9,125
Native Hawaiian/Pacific Islander	8	2,712
White	7	365,970

Source: CLASP analysis of American Community Survey 5-year (2017-2021), 1-year (2019), and 1-year (2021) data. **https://data.census.gov/mdat/#/**; "FY 2020 Preliminary Data Table 1-– Average Monthly Adjusted Number of Families and Children Served," Office of Child Care, **https://www.acf.hhs.gov/occ/data/fy-2020-preliminary-data-table-1;** and "FY 2020 Preliminary Data Table 12a – Average Monthly Percent of Children In Care By Race and Ethnicity," Office of Child Care, **https://www.acf.hhs.gov/occ/data/fy-2020-preliminary-data-table-12a.** The percentages do not add up to 100 percent since each racial/ethnic group is analyzed separately. The data can be read as "Of all the potentially eligible Asian children in 2020, 4 percent received a subsidy." The racial/ethnic categories included are not a comprehensive list of existing categories and sub-categories but are the aligned categories between ACS and ACF data. The total of each individual racial/ethnic group may not add up to the total for all racial/ethnic groups because estimates are based on percentages and children identified as "some other race" are not included in this table but are included in the total. The data for Georgia was excluded from these analyses because the state did not provide any racial/ethnic group data.

Eighteen states served potentially eligible children at a rate equal to or greater than the national rate of 10 percent based on federal income eligibility, while 32 states served children below that rate. Access also varied greatly by race and ethnicity in each state. Of the 35 states with large enough sample sizes to conduct estimates by race and ethnicity of potentially eligible children:

- Black/African American children had the *highest* access rate in 25 states.
- White children had the *highest* access rate in four states.
- Native American/Alaska Native had the *highest* access rate in three states.
- Multiracial children had the *highest* access rate in three states.
- Asian children had the *lowest* access rate in 16 states.
- Multiracial children had the *lowest* access rate in nine states.
- Hispanic/Latino children had the *lowest* access rate in seven states.
- Native American/Alaska Native children had the *lowest* access rate in three states.

Table 3 identifies the states that had the highest and lowest access rates for each racial and ethnic group. Data for Native Hawaiian/Pacific Islander children are not included in Table 3 because fewer than 10 states had large enough sample sizes to analyze access rates. See Appendix I for more details on sample size and Appendix II for detailed state-by-state findings.

Table 3. Percent of potentially eligible children served in CCDBG by race and ethnicity based on federal income eligibility parameters, FY2020

	Total		Asian		Black/African American		Hispanic/Latino		Multiracial		Native American/Alaska Native		White	
	National	10%	National	4%	National	17%	National	7%	National	5%	National	8%	National	7%
Top 5	West Virginia	15%	Hawaii	7%	California	37%	New Mexico	12%	Arizona	29%	Florida	17%	California	18%
	Mississippi	15%	West Virginia	7%	New Mexico	35%	West Virginia	12%	West Virginia	24%	North Carolina	14%	New Mexico	16%
	Alabama	14%	California	7%	West Virginia	32%	New Jersey	10%	Kansas	16%	Nebraska	13%	Oklahoma	15%
	Oklahoma	13%	Tennessee	6%	Oklahoma	29%	Florida	9%	Alaska	12%	Louisiana	13%	West Virginia	14%
	Delaware	12%	Arizona	4%	Oregon	26%	California	9%	Florida	10%	Oregon	11%	Tennessee	13%
Bottom 5	Hawaii	6%	Maryland	1%	Maryland	11%	Virginia	2%	Michigan	1%	Minnesota	5%	South Carolina	5%
	District of Columbia	5%	Louisiana	1%	Louisiana	10%	South Carolina	2%	Virgina	0%	Nevada	4%	Virginia	4%
	South Carolina	5%	South Carolina	<1%	Virginia	10%	Maryland	2%	Tennessee	0%	Wyoming	3%	Minnesota	4%
	Virginia	5%	Michigan	<1%	South Carolina	6%	Alabama	2%	New Mexico	0%	Alaska	3%	Montana	3%
	Montana	3%	Kansas	<1%	District of Columbia	6%	North Dakota	<1%	Delaware	0%	Idaho	0%	Maryland	3%

Source: CLASP analysis of American Community Survey 5-year (2017-2021), 1-year (2019), and 1-year (2021) data. https://data.census.gov/mdat/#/ and CLASP calculation of the total number of children potentially eligible for CCDF across all 50 states and the District of Columbia based on federal income eligibility limits and the total number of children served from "FY 2020 Preliminary Data Table 1 - Average Monthly Adjusted Number of Families and Children Served," https://www.acf.hhs.gov/occ/data/fy-2020-preliminary-data-table-1.

UNDERSTANDING CCDBG PARTICIPATION DATA

Administrative data alone cannot explain why there are variations in children receiving a CCDBG subsidy across states or by race and ethnicity. Additional research and qualitative data are needed to better understand why, how, and to what extent the variations identified in this report are driven by systemic inequities. Explanations for variations in potential eligibility also cannot be explained by administrative data alone. However, as income eligibility is the central aspect of access to a CCDBG subsidy, broader intersecting policy decisions that drive systemic racial and economic inequity are an underlying cause.

Countless variables play a role in how access to a subsidy varies by race and ethnicity as well as from state to state. Deeply rooted racism in child care, beginning with the forced labor of African women caring for the white children of their enslavers, has led to centuries of policies and practices that exclude, marginalize, and disproportionately harm Black/African American children and families, and other children and families of color.[58] These historical policies and practices are foundational to what exists today and have led to intended and unintended consequences that continue to disproportionately harm families and communities of color.[59] For example, policies related to income eligibility, work and education requirements, application and enrollment processes, and provider eligibility and supply limitations can disproportionately impact families of color. This is because intersecting income, employment, housing, and other deliberate policy choices have made it more difficult for some families to access public benefits programs, despite increased need due to those very choices.[60] State policy decisions aimed at creating tailored programs that fit state needs and budgets can further exacerbate these variations.

In the brief "Expanding Access to Child Care Assistance: Opportunities in the Child Care and Development Fund," CLASP details the complexity and flexibility of state child care assistance policies, the historical context of racial and economic inequity in child care access, and opportunities for states to improve child care subsidy access under current federal law.[61] While funding constraints limit the amount of latitude states truly have, there are several policy decisions that can help increase access to CCDBG through existing federal flexibilities. That brief provides a range of policy considerations state child care agencies can implement that address:

- Improving information access and outreach;
- Simplifying the application and streamlining eligibility;
- Increasing affordability; and
- Recruiting providers who meet a range of family needs.

More information on these flexibilities and potential state policy opportunities can be found in the full brief here.

INEQUITABLE ACCESS BEYOND SUBSIDY RECEIPT

While the analyses outlined in this report are critical to understanding how policy decisions translate to access to child care subsidies for families, these analyses alone do not paint a full picture of families' experiences and the multitude of factors that impact need and access. Even once families are deemed eligible to receive a subsidy and have it in hand, they are not guaranteed to find an open slot. And when they do, that slot may not be with a provider who accepts a family supported by a subsidy or has care arrangements that fully meet that family's specific needs and preferences. Furthermore, families have diverse needs—for example, overnight or drop-in care—that do not always align with the availability of providers who can meet them. To participate in the subsidy program and serve families who receive assistance, providers must meet specific minimum licensure, training, and certification requirements.[62] These requirements are meant to ensure that children's health, safety, and developmental needs are met, yet they can be restrictive, costly, and burdensome to fulfill in the very specific ways states mandate, despite a provider's ability to meet particular family needs and preferences.

THE SHRINKING POOL OF PROVIDERS RECEIVING CCDF FUNDS

In FY2020, the pool of providers that received CCDBG funding to care for children supported by a subsidy was at an all-time low, with 231,723 providers.[63] Between FY2019 and FY2020, the two most recently available years of data, 37 states and D.C. saw a decrease in the number of providers accepting CCDF subsidies. There was an overall 5 percent decrease during that time. The largest percent decreases were in New Hampshire (33 percent), Louisiana (31 percent), New York (21 percent), Washington (20 percent), Nevada (18 percent), and North Dakota (17 percent).[64] However, when compared to FY2006—the peak year of children served—the number of providers accepting CCDF subsidies has decreased by an appalling 67 percent.[65] Within the shrinking pool of providers receiving CCDF subsidies, families still have diverse needs that may be even further limited within that shrinking pool. These needs can include:

- Providers who speak a language other than English;
- Flexible hours of care including drop-in, part-time, and overnight care;
- Child care setting preferences such as in a child's home, a family child care home, or care provided by a family, friend, or neighbor; or
- Services for children with disabilities.

A variety of factors have contributed to the decline in the number of providers receiving CCDF subsidies, including:[66]

- Low state subsidy values that fall far below the true cost of care or even what private-pay parents are willing to pay, reducing provider willingness to forgo the additional funds that parents who do not have financial assistance pay.
- Limited increases in state and federal funding despite rising child care business costs due to inflation, which keeps subsidy values and provider reimbursement rates low.
- Cumbersome paperwork and unreliable provider reimbursement processes that create more work and can result in late or missing payments to providers.
- The cost of maintaining the specific quality standards states enforce, which can impact the amount of money providers are reimbursed, as well as limited financial incentives from the state.

FAMILY BARRIERS TO USING A SUBSIDY

Proximity to the types of providers parents need, prefer, and can afford can be a significant barrier to using a child care subsidy. Care arrangements that are not located near public transportation or are difficult to get to even with a vehicle means families do not have adequate access to care.

For reasons including increased affordability, aligned cultural values, flexible hours, and meeting language needs, home-based care is sometimes a family's preferred child care option.[67, 68] Home-based child care is a staple for Black/African American, Hispanic/Latino, and rural families; families with infants and toddlers; families with low incomes; and families who have children with disabilities.[69] Despite this, home-based providers generally have less access to resources, including federal funding through CCDF, when compared to child care centers.[70] In FY2020, ACF reported that only 17 percent of CCDF funds used to provide care were used in home-based settings, while 72 percent of funds supported children in center-based settings.[71]

Limited availability of the types of child care a family needs and can afford can further deepen child care access inequities, even if a family does receive a subsidy. In addition, deep and longstanding racial inequities can mean Native American/Alaska Native, Black/African American, Hispanic/Latino, and other children and families of color have reduced access to care options altogether, despite increased need.[72] Continuity of care arrangements can also be disrupted by experiences with harsh and inequitable discipline—such as suspension, expulsion, and pushout. Black/African American and other families of color, as well as children with disabilities, are much more likely to experience these additional barriers to accessing reliable quality child care.[73]

KEY CONSIDERATIONS

The data in this report are clear: in 2020, far too many children who were potentially eligible to receive access to CCDF-funded child care did not. We found clear disparities that have resulted in inequities in eligibility for and access to a subsidy across states and racial/ethnic groups. There are several specific policy-, administrative-, and implementation-focused solutions that could address limited access to and use of CCDF-funded care, as well as some key considerations in developing and working toward solutions.

- **Provide robust, consistent, and inclusive investments.** The historical constraints of CCDF funding to states, both federal mandatory and discretionary funding, has resulted in restrictive policies, including income eligibility limits. Such polices, in part, are a way to reduce the eligible pool of children and the potential costs for states. While the program has received more robust funding over the last several years in response to the pandemic, funding has not continued at the same level even as the need for such significant investment has not diminished. Robust, consistent funding is needed to increase access for children and families; significantly raise reimbursement rates; increase the supply of providers; support business sustainability, start-up, and quality improvement costs; and much more. CCDF funding must be inclusive of home-based providers and ensure that families have access to the types of care that fit their work schedule and language and cultural preferences and is conveniently located, among other needs.

- **Ensure that efforts to improve CCDBG account for and disrupt broader systemic racial and economic inequities.** The clear racial inequities in potential eligibility for CCDBG reflect broader systemic barriers that have a direct impact on income, employment, and overall access to child care. The pathways to apply for and access CCDBG and the ability for families to use their subsidy on the kinds of care they need must account for and address broader inequities. Those could mean that families have difficulties meeting application and verification requirements; children are suspended or expelled from care; providers cannot afford to or do not want to accept children receiving subsidized care; providers cannot afford to meet the full requirements to accept children supported by subsidies; care is not offered during the hours parents need; or care is not offered in convenient locations.

- **Improve data collection to support the level and types of programs families need.** Federal and state policymakers and agencies must make efforts to work with people who currently access child care assistance programs or who have the economic need for them, to redistribute power in the data process and improve data collection and use. Such improvements should focus on engaging equitable data processes that center race and account for the deep racial inequities that exist and how they perpetuate economic inequity, and, as a result, increase need as measured by income. This will also require understanding what need looks like from a range of perspectives such as rural communities or children with disabilities. Finally, the data collection must also consider how various identities and characteristics intersect, and that these intersecting experiences may impact needs and preferences. With this information, decision-makers can work to ensure policies directly address inequities and equitably increase access to child care subsidies.[74] Using these approaches, as well as combining quantitative and qualitative data with important historical context, could better explain disparities related to access and eligibility to help create intentional and actionable policy solutions.

- **Increase financial and other supports for providers and staff.** The wages, benefits, and business revenue in the child care sector rest on the shoulders of private-paying families. Child care businesses are primarily funded by family fees. However, providers must constrain these fees to what families can afford and can rarely charge the true cost of providing care. Therefore, the disparity between what families can afford and what care really costs ends up falling on child care providers and staff who receive low wages, work long hours, often do not have health or adequate paid leave benefits, and have limited access to career ladders. This disproportionately harms Black/African American, Hispanic/Latino, and other providers of color. The shrinking pool of child care providers is a direct reflection of these and other issues facing the child care industry. Expanding access to CCDF must also include solutions that equitably address pay; access to benefits, career ladders, training, and licensure costs; administrative, start-up, and maintenance costs; and costs associated with health, safety, and quality to expand the number of child care providers receiving families supported by CCDF. These supports must be built directly into the overarching investment in CCDF to increase access for families.

CONCLUSION

Access to child care assistance was low across all states and by race and ethnicity, with only 10 percent of all potentially eligible children receiving access based on federal income eligibility limits. This is despite nearly one in three children in 2020 being potentially eligible to receive a CCDF subsidy based on federal income limits. Both potential eligibility and access varied across states as well as by racial and ethnic group. However, in no state were more than 50 percent of potentially eligible children served, regardless of race or ethnicity.

Analyses estimating eligibility for and access to a CCDBG-funded subsidy can be tremendously helpful to policymakers, researchers, and advocates in understanding the extent of need for subsidies and the existing gap to meet that need. This analysis can serve as a starting point to identify variations in access across states, inequities in access by race and ethnicity, and need based on income eligibility.

CCDBG is a critical economic support for many parents and families, making it possible or much easier to work, go to school, search for a job, attend job training, or otherwise support economic stability or broader needs. Families deserve to be able to afford access to child care in a safe, nurturing, affirming environment that fully meets family needs and allows children to learn, grow, and build a strong foundation for healthy development and well-being. Yet for too many families with low incomes, access to CCDBG is far out of reach.

While CCDBG can be a critical support for families who do have access to a subsidy, ultimately, we need better policy, significant sustained funding, and systemic solutions that work to create a true child care system. A single block grant program is not enough to create the child care system that children, families, providers, and communities need and deserve. This system would fully address the unique needs of all families; offer access to affordable care when and where families need it; pay providers living wages and provide benefits; and allocate adequate resources to providers so programs can have the quality care families identify. While we work toward achieving that system, policymakers and administrators—through the guidance of families, providers, advocates, and researchers—must create more equitable access within the current programs and policies.

APPENDIX I

METHODOLOGY

This report offers new state-by-state estimates for children ages 0-13 potentially eligible to receive a CCDBG subsidy and children ages 0-13 who participated in CCDBG by race and ethnicity. The estimates and calculations for this report were derived from data from the U.S. Census Bureau's American Community Survey (ACS) and publicly available administrative data tables from the federal Office of Child Care (OCC).

Our report builds and expands on CLASP's **previous iteration**, published in 2019, that used data from FY2016. But several factors, including policy changes implemented in response to the COVID-19 pandemic, additional emergency funding provided by the federal government, and changes in ACS Census data, mean the data from FY2016 and FY2020 are not directly comparable. However, these data are still important to gauging eligibility for and access to a subsidy, identifying variations across states and between racial and ethnic groups, and demonstrating the need for increased federal investments to states.

ESTIMATED NUMBER OF ALL CHILDREN 0-13

To estimate the number of all children under age 13, regardless of potential eligibility status in all 50 states and the District of Columbia, we used ACS microdata from the U.S. Census Bureau. We used a combination of ACS 1-year microdata from 2021 and 2019 (to calculate the number of children) and 5-year averages from 2017-2021 (to determine racial/ethnic group distributions) to calculate the number of all children under age 13. These data were disaggregated by race and ethnicity. For the purposes of this report, all children who identified as Hispanic/Latino were grouped together regardless of their race. All children who did not identify as Hispanic/Latino were grouped by their identified race (Asian, Black/African American, multiracial, Native American/Alaska Native, Native Hawaiian/Pacific Islander, and white). This information was used to estimate the distribution of all children in the U.S. by race and ethnicity to compare against the distribution of potentially eligible children and gauge which racial and ethnic groups were over- and underrepresented among the potentially eligible population.

ESTIMATED NUMBER OF POTENTIALLY ELIGIBLE CHILDREN

We used a combination of ACS 1-year microdata from 2021 and 2019 and 5-year averages from 2017-2021 to calculate the number of children potentially eligible for a CCDBG subsidy by race and ethnicity.[75] We used the 1-year data to identify the number of potentially eligible children and the 5-year data to identify the distribution of these children by race and ethnicity.

Estimated eligibility was determined by children who were under the age of 13; had all available parents in the household working; and whose family income was at or below the state or federal income limit.

To estimate the number of children with all available parents in the household working, we utilized an ACS variable within the Census microdata tool. This variable indicated the employment status of parents, with "parent" being broadly defined by ACS to include anyone identified as the head of household and their spouse, if married. Employment status is defined broadly as being in the labor force, which includes those who were employed and unemployed job seekers. Using that variable, children with all available parents in the workforce were:

- Children living in a two-parent household with both parents in the labor force.
- Children living with a single parent with that parent in the labor force.

State income eligibility limits are determined by each state, and in some cases by individual counties. These limits ranged from 122 percent of the FPL in Michigan to 321 percent of the FPL in California.[76] In FY2020, Texas and Virginia had county-based eligibility thresholds. We calculated the midpoint between the highest and lowest county eligibility levels to determine the eligibility limits for these states. To generate a national estimate of potentially eligible children under state income limits, we totaled the number of potentially eligible children in each individual state and D.C. according to each state's income limit. Estimates are based on state income eligibility limits for a family of three. State income limits are based on each state's income parameters for newly applying families.

The **federal income eligibility limit** is written into law as 85 percent SMI, and states are permitted to set their eligibility thresholds anywhere up to that threshold. Only California and select counties in Texas set their eligibility limit at the federal maximum allowable threshold.[77] However, calculating participation rates based on 85 percent SMI offers a more uniform basis of comparison from state to state. To convert 85 percent SMI into a percentage of the FPL for each state, we used a combination of the Office of the Assistant Secretary for Planning and Evaluation's 2020 Poverty Guideline Computations for a family of three and the Low Income Home Energy Assistance Program State Median Income Estimates for a family of three.[78] The value of 85 percent SMI ranged from 211 percent FPL in New Mexico to 394 percent FPL in Massachusetts (see Appendix IV for more details). To generate the national estimate of potentially eligible children under federal parameters, we totaled the number of potentially eligible children in each state. We generated the national total number of potentially eligible children by using the federal maximum of 85 percent SMI. Since every state has a different median income, we identified each state's median income and calculated the threshold for 85 percent SMI. The number of potentially eligible children, under federal parameters for each state, was then totaled and used as the national total for federal income eligibility.

ESTIMATED NUMBER OF CHILDREN RECEIVING CHILD CARE ASSISTANCE

Publicly available state administrative data is available through OCC and includes information on the race and ethnicity of children served in CCDBG. The data are organized in a way that allowed us to analyze race and ethnicity together and is mostly aligned with how Census ACS data are structured. For the purposes of this report, we analyzed data for children who were Hispanic/Latino and non-Hispanic/Latino separately. This means that all children whose ethnicity was identified as Hispanic/Latino, regardless of their race, were analyzed together (including children whose race was missing or invalid). All non-Hispanic/Latino children were identified by their racial group (Asian, Native American/Alaska Native, Black/African American, Native Hawaiian/Pacific Islander, multiracial, and white). To determine the number of children served through CCDBG nationally, we totaled the number of children served in each state and D.C. However, children served in U.S. territories were not included in these analyses.

ANALYTIC LIMITATIONS

This report provides one method to estimate the number of potentially eligible children, children who received a subsidy by race and ethnicity, and the reach of CCDBG subsidies across states. However, our methodology has several analytic limitations that are important to acknowledge and are due in part to the amount of flexibility each state has in determining eligibility criteria and the limitations of ACS data to capture these differences.

STATE DATA REPORTING: PRELIMINARY DATA, EXCLUDED STATES, AND RACIAL AND ETHNIC CATEGORIES

In accordance with data reporting requirements included in the CCDBG Act and guidance provided by the CCDF final rule, CCDF administrators report a range of data to OCC.[79] The required data include progress toward quality improvements as well as financial, and case-level data on the number of children receiving child care assistance through CCDBG funding. This report uses FY2020 preliminary data that is current as of May 2022 and is subject to change based on final data published by OCC.[80] In addition, five states reported no or partial data for FY2020 at the time of reporting.[81, 82]

State data for race and/or ethnicity is sometimes not reported and marked as missing or is reported incorrectly and deemed invalid. The table below identifies states that went above our threshold for the percentage of missing and/or invalid racial and/or ethnic data a state can have and be included in our racial and ethnic category analyses. A total of 15 states had a large enough share of children with missing or invalid data that it was necessary to exclude those states from any analysis that disaggregates, or separates, data by race and ethnicity. Excluding those states was necessary to maintain data integrity and report access rates as accurately as possible.

The 15 states we excluded had more than 10 percent of children receiving subsidies that had both missing or invalid race data (see Table 4, Column C) *and* either missing or invalid ethnicity data (see Table 4, Column B) or the missing or invalid race data included children who were non-Hispanic/Latino (see Table 4, Column E).

Table 3. States excluded from racial and ethnic analyses due to high percentages of missing or invalid data, FY2020

State	% missing or invalid ethnicity[83]	% missing or invalid race[84]		
		Total	Ethnicity is Hispanic/Latino[85]	Ethnicity is missing OR non-Hispanic/Latino
Column A	*Column B*	*Column C*	*Column D*	*Column E*
Colorado	0%	44%	10%	34%
Connecticut	0%	52%	16%	36%
Georgia[86]	*	*	*	*
Illinois	18%	31%	13%	18%
Iowa	0%	12%	1%	11%
Massachusetts	0%	52%	26%	26%
Missouri	15%	17%	2%	15%
New Hampshire	0%	25%	1%	24%
Ohio	13%	14%	3%	11%

State	% missing or invalid ethnicity[83]	% missing or invalid race[84]		
		Total	Ethnicity is Hispanic/Latino[85]	Ethnicity is missing OR non-Hispanic/Latino
Pennsylvania	2%	17%	10%	7%
Rhode Island	0%	67%	10%	57%
Texas	0%	16%	4%	12%
Utah	46%	78%	4%	74%
Washington	0%	23%	14%	9%
Wisconsin	12%	37%	7%	30%

Source: Administration for Children and Families, Office of Child Care, "FY 2020 Preliminary Data Table 12 - Average Monthly Percentages of Children by Latino Ethnicity"; "FY 2020 Preliminary Data Table 11; FY 2020 Preliminary Data Table 12a - Average Monthly Percent of Children In Care By Race and Ethnicity."

The way lead agencies collect racial and ethnic data varies across states and leads to additional analytic limitations due to differences in how these data are reported. For example, some states report Hispanic/Latino as a race rather than ethnicity despite updated reporting requirements for FY2020.[87] When this is the case, the child's ethnicity is designated Hispanic/Latino and race is identified as missing or not reported. In addition, some states do not capture and report more than one race per child and therefore do not provide multiracial data.[88]

RACIAL OR ETHNIC GROUPS EXCLUDED

Due to the small sample sizes for certain racial/ethnic groups—when variables for child's age, parent(s) work status, and family income were applied—some state-level calculations for those groups were excluded. This does not mean the excluded group(s) did not have any children in the state, nor does it necessarily mean that no children in that racial group received a child care subsidy. It simply means that the sample size was too small to produce a reliable estimate.

DATA LIMITATIONS ESTIMATING POTENTIALLY ELIGIBLE CHILDREN

There are several other ways to arrive at estimates on children's access to CCDBG. For example, some estimates use Transfer Income Model Version 3 (TRIM3), a microsimulation that models—or can consider the impacts of—major tax, cash transfer, health insurance, and other public benefits programs, including CCDBG.[89] For example, the TRIM can account for variations in how states define family and how income from those family members is counted, as well as what is included in the definition of income, such as cash assistance from TANF or other public benefits. These simulations can be used to create estimates for eligibility indicators.[90] Our analysis does not use TRIM and, therefore, cannot consider some of the factors that states take into account when determining eligibility. However, our analysis still provides a useful measure of the share of children under age 13, in households with low incomes, with working parents, and the share of those children who do not have access to child care assistance. We describe the analytic limitations in our estimates of potentially eligible children in more detail below.

Eligibility policies. Our analysis does not account for all the individual and varied requirements and factors states consider when determining eligibility for a subsidy. Parental employment is a good but imperfect indicator of children's eligibility for CCDBG. For example, some states put stipulations on parents' employment, requiring they work a certain number of hours to receive assistance. However, using the ACS Microdata Access Tool (MDAT), we were unable to account for that level of detail in household employment data.[91]

Similarly, the ACS MDAT tool did not allow us to consider other eligible activities parents can engage in, such as higher education, job training, or apprenticeship programs, to qualify for a subsidy. The data also do not account for eligibility based on other needs and experiences, including the need for child protective services or children and families experiencing homelessness. For example, in FY2020, 9 percent of children were receiving assistance through protective services.[92] National data for children who are included in a state's definition of a vulnerable population and therefore may receive prioritized or categorical eligibility (i.e., deemed automatically eligible due to specific circumstances) are not publicly available.[93, 94]

Some states allow searching for a job to be considered a qualifying eligible activity when a family is initially applying and/or reapplying for continuing eligibility. Guidance published in 2016 from the CCDBG Act reauthorization in 2014 allows states to include job search for an initial qualifying activity if states meet certain requirements.[95] The data sources we used could not include this eligible activity in our analysis of potentially eligible children. In addition, due to the widespread job loss during the COVID-19 pandemic, 23 states and territories temporarily expanded eligibility in FY2020 to include job search.[96] These COVID-19 expansions included:

- The amount of time allowed for job search.
- Allowing job search to be a qualifying activity for initial eligibility.
- Temporary receipt of a subsidy benefit if job loss was due to COVID-19.

Finally, our analysis only includes children under age 13. However, children ages 13 and older can be eligible to receive a subsidy if they have a developmental disability or need specialized care. The data we used did not include estimates for children who would be eligible to receive care at age 13 and older. However, in FY2020, only 1 percent of children served through CCDBG were age 13 or older.[97]

Household income and family size. The way states determine income, such as if and which public benefits or other income is counted, differs from state to state as well as from the way ACS collects and reports income. For example, states have the flexibility to not count income from sources, such as cash assistance from TANF or child support, and the flexibility to include income from other individuals living in the household. States also have the option to determine which family or household members are included when determining family size.[98] Conversely, this analysis uses the ACS income-to-poverty ratio, which includes anyone living in the household in estimates of household size and uses all sources of cash income for all individuals in the household when determining the income-to-poverty ratio.[99, 100]

The ACS uses a version of the federal poverty measure called "federal poverty thresholds," which is determined by the U.S. Census Bureau based on income, family size, and the number of children in a household. State income eligibility policies are based on Federal Poverty Guidelines, which is a simplified version of the federal poverty threshold and is used by the U.S. Department of Health and Human Services.[101] The guidelines only vary by family size and are the same across all states except in Alaska and Hawaii, which have higher guidelines when compared to the 48 contiguous states. These differences and

the use of both "poverty" measures in the data used for this analysis may impact our estimates of potentially eligible children.

Race and ethnicity. Data on race and ethnicity are collected and reported differently for CCDBG and the ACS. For example, the question prompts are different, as are the available response options. Respondents can identify more detailed racial and ethnic subgroups on the ACS, which can be aggregated, or combined, into larger racial and ethnic categories. The ACS also includes a response category of "other," but there is no such category for CCDBG data, which also uses broader category response options. These differences, as well as differences in the administration of the questions themselves, may affect whether and how individuals indicate their race and ethnicity.

Errors and limitations of ACS data due to COVID-19. While the Census data collection process is never perfect, the process during 2020 happened under unique circumstances. It's important to acknowledge the impacts of the COVID-19 pandemic on how individuals and families experienced poverty, how poverty was measured, how information was collected, and any resulting inaccuracies.

It is also important to note that this analysis uses the federal government's cash-only official poverty measure (OPM). The OPM narrowly defines income and omits non-cash and tax-based assistance, including the bulk of emergency relief to households provided in response to the COVID-19 pandemic, such as stimulus payments and large temporary expansions in child tax credits, nutrition assistance, and other programs. However, such assistance is accounted for in the broader Supplemental Poverty Measure (SPM).[102] The SPM figures from this period revealed that pandemic assistance helped temporarily keep 53 million people above the poverty line in 2020. [103] For the purpose of assessing child care eligibility, the OPM is more suitable than the SPM because child care eligibility is tied generally to cash income. As a result of these emergency resources, the nation marked a record one-year overall decline in poverty measurements in 2020, but widespread inequities between racial and ethnic groups remained.[104]

In addition, due to the impacts of the COVID-19 pandemic, the Census Bureau did not release 1-year 2020 ACS estimates.[105] However, 1-year data estimates were released as experimental estimates but were not released on the Census data government website. To account for this, in place of 2020 1-year data, we created a proxy using the average of 1-year 2019 and 1-year 2021 data as an estimate for the 2020 1-year data. Using this proxy data creates an additional analytic limitation.

APPENDIX II: POTENTIALLY ELIGIBLE CHILDREN SERVED THROUGH CCDBG

PERCENT SERVED (FEDERAL INCOME LIMITS)

State	Estimated # of eligible children	Percent served (federal income eligibility)							
		Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
All U.S.	**15,047,966**	**9.5%**	**3.8%**	**17.3%**	**7.2%**	**5.4%**	**7.6%**	**8.1%**	**6.7%**
Alabama	235,716	13.7%	3.7%	21.9%	1.6%	4.5%	—	—	7.9%
Alaska	34,855	7.3%	—	—	—	11.7%	2.6%	—	9.7%
Arizona	373,951	9.3%	4.1%	25.3%	5.6%	29.2%	6.1%	—	10.4%
Arkansas	148,053	7.7%	—	11.4%	3.4%	3.5%	—	—	7.4%
California	1,722,131	11.7%	6.7%	36.8%	9.0%	2.8%	10.5%	9.4%	18.3%
Colorado	240,270	7.1%	*	*	*	*	*	*	*
Connecticut	176,507	6.5%	*	*	*	*	*	*	*
Delaware	47,021	12.3%	3.6%	20.5%	8.4%	0.0%	—	—	8.6%
District of Columbia	31,349	5.1%	—	5.5%	4.2%	—	—	—	—
Florida	919,127	11.9%	1.8%	17.4%	9.1%	10.3%	17.4%	—	8.5%
Georgia	*	*	*	*	*	*	*	*	*

State	Estimated # of eligible children	Percent served (federal income eligibility)							
		Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Hawaii	46,266	5.6%	7.3%	—	2.4%	6.0%	—	7.7%	5.4%
Idaho	84,501	8.2%	—	—	7.3%	2.0%	0%	—	7.8%
Illinois	637,934	7.9%	*	*	*	*	*	*	*
Indiana	338,485	9.1%	1.9%	24.2%	5.2%	9.9%	—	—	5.1%
Iowa	173,307	9.5%	*	*	*	*	*	*	*
Kansas	158,973	7.4%	0.4%	16.1%	2.4%	15.5%	—	—	6.8%
Kentucky	197,691	10.5%	1.4%	20.1%	6.6%	6.8%	—	—	8.6%
Louisiana	262,567	7.5%	1.2%	9.6%	2.7%	6.1%	12.9%	—	5.5%
Maine	47,471	10.1%	—	—	—	7.5%	—	—	9.4%
Maryland	327,834	6.0%	1.4%	10.7%	1.7%	4.8%	—	—	2.9%
Massachusetts	296,797	9.7%	*	*	*	*	*	*	*
Michigan	486,545	7.0%	0.6%	13.3%	3.1%	1.4%	9.9%	—	4.8%
Minnesota	306,047	7.1%	1.4%	21.6%	3.0%	5.8%	5.2%	—	3.5%
Mississippi	147,332	15.0%	—	18.7%	3.9%	5.8%	—	—	9.4%

State	Estimated # of eligible children	Percent served (federal income eligibility)							
		Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Missouri	298,250	9.6%	*	*	*	*	*	*	*
Montana	52,918	3.0%	—	—	2.0%	1.5%	—	—	2.9%
Nebraska	108,022	6.9%	1.9%	16.6%	5.1%	9.3%	13.1%	—	4.9%
Nevada	147,764	6.2%	1.8%	16.6%	3.5%	1.6%	4.4%	6.2%	6.2%
New Hampshire	50,177	8.4%	*	*	*	*	*	*	*
New Jersey	455,399	9.4%	2.3%	17.2%	9.8%	1.9%	—	—	5.1%
New Mexico	91,292	11.9%	—	34.7%	11.9%	0.0%	6.1%	—	15.5%
New York	845,807	9.2%	3.2%	14.6%	9.0%	5.6%	5.3%	—	6.3%
North Carolina	487,923	8.3%	1.6%	14.9%	2.0%	2.9%	14.3%	—	7.4%
North Dakota	41,519	5.8%	—	12.4%	0.1%	—	9.0%	—	5.9%
Ohio	586,014	9.6%	*	*	*	*	*	*	*
Oklahoma	193,159	12.9%	2.4%	28.7%	7.4%	8.8%	5.7%	—	15.0%
Oregon	161,774	7.7%	3.1%	26.3%	6.6%	4.2%	11.4%	—	8.0%
Pennsylvania	594,283	16.2%	*	*	*	*	—	—	*

State	Estimated # of eligible children	Percent served (federal income eligibility)							
		Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Rhode Island	50,813	6.3%	*	*	*	*	*	*	*
South Carolina	235,417	5.0%	0.8%	5.9%	1.8%	6.1%	5.6%	—	4.7%
South Dakota	53,033	6.4%	—	—	3.2%	—	9.5%	—	5.8%
Tennessee	306,826	12.4%	6.2%	19.0%	2.6%	0.0%	—	—	12.6%
Texas	1,542,259	9.5%	*	*	*	*	*	*	*
Utah	156,546	7.9%	*	*	*	*	*	*	*
Vermont	26,792	8.2%	—	—	—	—	—	—	—
Virginia	401,825	4.8%	2.5%	9.6%	1.8%	0.0%	—	—	3.6%
Washington	334,334	8.9%	*	*	*	*	*	*	*
West Virginia	63,583	15.3%	6.9%	31.6%	11.8%	24.3%	—	—	13.7%
Wisconsin	294,791	6.2%	*	*	*	*	*	*	*
Wyoming	26,716	9.7%	—	—	5.4%	—	3.3%	—	11.7%

— Indicates the data was suppressed due to small sample size

** Indicates the state was excluded from the race/ethnicity analysis due to high rates of missing data*

PERCENT SERVED (STATE INCOME LIMITS)

State	Estimated # of eligible children	Percent served (state income eligibility)							
		Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
All U.S.	**10,108,720**	**14.1%**	**5.4%**	**23.6%**	**9.2%**	**8.3%**	**9.6%**	**11.4%**	**12.6%**
Alabama	119,441	27.1%	8.2%	35.5%	3.1%	9.9%	—	—	21.7%
Alaska	34,040	7.3%	—	—	—	11.7%	2.6%	—	9.7%
Arizona	200,665	17.2%	10.0%	42.7%	9.8%	62.5%	9.1%	—	23.9%
Arkansas	140,003	8.1%	—	11.9%	3.5%	3.8%	—	—	7.9%
California	1,903,760	10.5%	5.8%	34.3%	8.3%	2.5%	9.6%	8.7%	15.8%
Colorado	118,791	14.4%	*	*	*	*	*	*	*
Connecticut	104,744	10.9%	*	*	*	*	*	*	*
Delaware	25,567	22.7%	—	31.3%	16.3%	—	—	—	19.6%
District of Columbia	22,854	7.0%	—	7.4%	—	—	—	—	—
Florida	495,978	22.0%	3.6%	28.0%	17.1%	20.0%	—	—	18.4%
Georgia	*	*	*	*	*	*	*	*	*
Hawaii	25,873	10.0%	17.1%	—	3.8%	11.1%	—	10.9%	12.3%

State	Estimated # of eligible children	Percent served (state income eligibility)							
		Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Idaho	31,027	22.6%	—	—	16.3%	5.1%	0.0%	—	24.4%
Illinois	415,916	12.1%	*	*	*	*	*	*	*
Indiana	126,719	24.2%	6.7%	47.6%	12.6%	22.7%	—	—	16.3%
Iowa	63,317	25.9%	*	*	*	*	*	*	*
Kansas	97,207	12.0%	0.8%	21.3%	3.7%	23.1%	—	—	12.1%
Kentucky	112,853	18.4%	3.8%	27.6%	10.3%	10.9%	—	—	16.5%
Louisiana	178,299	11.0%	3.4%	12.6%	4.1%	8.5%	19.6%	—	10.2%
Maine	43,856	10.9%	—	—	—	—	—	—	10.3%
Maryland	233,424	8.4%	2.1%	14.0%	2.2%	6.7%	—	—	4.9%
Massachusetts	166,839	17.2%	*	*	*	*	*	*	*
Michigan	183,091	18.6%	2.6%	25.4%	7.1%	3.1%	19.3%	—	17.0%
Minnesota	145,212	14.9%	3.1%	32.7%	5.3%	10.5%	7.0%	—	9.3%
Mississippi	141,075	15.7%	—	19.4%	4.1%	6.0%	—	—	10.0%
Missouri	135,326	21.2%	*	*	*	*	*	*	*

State	Estimated # of eligible children	Percent served (state income eligibility)							
		Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Montana	21,418	7.5%	—	—	—	—	6.2%	—	8.2%
Nebraska	34,225	21.9%	—	30.2%	13.5%	25.3%	23.4%	—	21.3%
Nevada	59,853	15.2%	5.5%	33.2%	8.7%	4.4%	7.4%	—	17.1%
New Hampshire	25,475	*16.5%*	*	*	*	*	*	*	*
New Jersey	227,545	18.8%	5.6%	30.5%	17.2%	4.7%	—	—	13.4%
New Mexico	81,820	13.3%	—	50.0%	13.3%	0.0%	6.4%	—	18.1%
New York	524,747	14.9%	5.2%	22.3%	13.5%	8.8%	9.0%	—	11.2%
North Carolina	377,719	10.7%	2.1%	18.1%	2.4%	3.7%	16.6%	—	10.9%
North Dakota	26,755	9.0%	—	—	—	—	10.8%	—	10.2%
Ohio	252,684	22.2%	*	*	*	*	*	*	*
Oklahoma	186,864	13.3%	2.4%	29.4%	7.6%	9.1%	5.9%	—	15.7%
Oregon	97,790	12.8%	5.3%	41.5%	9.7%	7.5%	17.0%	—	14.4%
Pennsylvania	378,118	25.4%	12.9%	48.5%	19.1%	8.2%	—	—	15.3%
Rhode Island	26,336	*12.2%*	*	*	*	*	*	*	*

State	Estimated # of eligible children	Percent served (state income eligibility)							
		Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
South Carolina	149,836	7.8%	2.3%	8.2%	2.8%	10.4%	—	—	8.8%
South Dakota	34,776	9.8%	—	—	4.3%	—	10.7%	—	10.3%
Tennessee	306,826	12.4%	6.2%	19.0%	2.6%	0.0%	—	—	12.6%
Texas	1,312,589	11.2%	*	*	*	*	*	*	*
Utah	86,658	14.3%	*	*	*	*	*	*	*
Vermont	26,573	8.3%	—	—	—	—	—	—	—
Virginia	221,775	8.7%	4.9%	14.8%	3.0%	0.0%	—	—	7.9%
Washington	181,401	16.3%	*	*	*	*	*	*	*
West Virginia	36,659	26.5%	—	45.7%	—	37.6%	—	—	24.5%
Wisconsin	149,181	12.3%	*	*	*	*	*	*	*
Wyoming	15,220	17.1%	—	—	9.7%	—	5.1%	—	21.1%

— Indicates the data was suppressed due to small sample size

** Indicates the state was excluded from the race/ethnicity analysis due to high rates of missing data*

APPENDIX III: CHILDREN POTENTIALLY ELIGIBLE FOR CCDBG

PERCENT POTENTIALLY ELIGIBLE (FEDERAL INCOME LIMITS)

State	All children under 13	Children estimated eligible, federal income limit	Percent of children potentially eligible in each racial/ethnic group (federal income eligibility)							
			Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
All U.S.	**49,872,873**	**15,047,966**	**30.2%**	**17.8%**	**48.6%**	**38.6%**	**29.3%**	**35.1%**	**36.7%**	**22.3%**
Alabama	774,216	235,716	30.4%	18.7%	49.8%	35.1%	35.0%	—	—	19.8%
Alaska	131,535	34,855	26.5%	—	—	—	27.1%	37.9%	—	18.3%
Arizona	1,141,600	373,951	32.8%	11.4%	47.1%	41.8%	27.7%	39.1%	—	21.6%
Arkansas	495,617	148,053	29.9%	—	47.9%	41.6%	28.7%	—	—	22.6%
California	6,220,216	1,722,131	27.7%	15.0%	38.7%	37.1%	16.8%	25.8%	36.2%	14.8%
Colorado	876,163	240,270	27.4%	*	*	*	*	*	*	*
Connecticut	501,115	176,507	35.2%	*	*	*	*	*	*	*
Delaware	145,412	47,021	32.3%	16.6%	48.6%	35.3%	36.2%	—	—	23.4%
District of Columbia	98,319	31,349	31.9%	—	50.3%	29.1%	—	—	—	—
Florida	2,996,366	919,127	30.7%	17.9%	47.8%	35.6%	29.5%	33.6%	—	19.9%
Georgia	1,764,808	536,364	*	*	*	*	*	*	*	*

State	All children under 13	Children estimated eligible, federal income limit	Percent of children potentially eligible in each racial/ethnic group (federal income eligibility)							
			Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Hawaii	219,228	46,266	21.1%	17.4%	—	23.0%	20.3%	—	34.2%	14.4%
Idaho	320,614	84,501	26.4%	—	—	36.4%	32.2%	47.8%	—	22.9%
Illinois	1,977,110	637,934	32.3%	*	*	*	*	*	*	*
Indiana	1,115,938	338,485	30.3%	16.9%	53.6%	41.5%	37.7%	—	—	24.7%
Iowa	513,893	173,307	33.7%	*	*	*	*	*	*	*
Kansas	498,135	158,973	31.9%	25.2%	52.4%	43.5%	38.6%	—	—	26.3%
Kentucky	709,200	197,691	27.9%	18.5%	50.5%	36.7%	40.5%	—	—	23.8%
Louisiana	772,737	262,567	34.0%	27.8%	51.4%	33.6%	37.9%	31.0%	—	21.5%
Maine	171,502	47,471	27.7%	—	—	—	24.8%	—	—	27.0%
Maryland	949,090	327,834	34.5%	19.5%	49.0%	44.7%	29.3%	—	—	22.4%
Massachusetts	946,705	296,797	31.4%	*	*	*	*	*	*	*
Michigan	1,502,255	486,545	32.4%	13.3%	53.9%	42.6%	36.5%	41.3%	—	26.2%
Minnesota	927,093	306,047	33.0%	37.1%	57.4%	45.2%	37.6%	42.5%	—	26.5%
Mississippi	483,202	147,332	30.5%	—	46.2%	31.4%	38.1%	—	—	16.5%

State	All children under 13	Children estimated eligible, federal income limit	Percent of children potentially eligible in each racial/ethnic group (federal income eligibility)							
			Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Missouri	977,436	298,250	30.5%	*	*	*	*	*	*	*
Montana	163,368	52,918	32.4%	—	—	49.7%	43.4%	—	—	28.9%
Nebraska	340,246	108,022	31.7%	23.1%	62.7%	42.3%	39.3%	35.7%	—	25.8%
Nevada	489,728	147,764	30.2%	21.7%	43.6%	38.3%	25.2%	35.3%	49.4%	18.2%
New Hampshire	176,532	50,177	28.4%	*	*	*	*	*	*	*
New Jersey	1,393,116	455,399	32.7%	11.5%	54.7%	46.5%	27.1%	—	—	22.7%
New Mexico	329,748	91,292	27.7%	—	24.5%	30.0%	28.6%	35.6%	—	18.9%
New York	2,869,822	845,807	29.5%	25.0%	42.1%	38.2%	26.2%	41.9%	—	22.0%
North Carolina	1,615,741	487,923	30.2%	15.5%	48.0%	39.9%	32.7%	34.6%	—	19.8%
North Dakota	135,723	41,519	30.6%	—	61.6%	39.2%	—	37.0%	—	27.4%
Ohio	1,823,551	586,014	32.1%	*	*	*	*	*	*	*
Oklahoma	679,514	193,159	28.4%	23.0%	47.5%	35.7%	31.2%	31.6%	—	22.0%
Oregon	605,641	161,774	26.7%	14.7%	39.2%	38.6%	24.3%	29.1%	—	22.8%
Pennsylvania	1,869,105	594,283	31.8%	22.3%	51.9%	47.1%	34.7%	—	—	25.0%

State	All children under 13	Children estimated eligible, federal income limit	Percent of children potentially eligible in each racial/ethnic group (federal income eligibility)							
			Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Rhode Island	141,796	50,813	35.8%	*	*	*	*	*	*	*
South Carolina	782,244	235,417	30.1%	16.3%	50.1%	32.9%	34.9%	18.6%	—	18.8%
South Dakota	155,059	53,033	34.2%	—	—	49.0%	—	40.3%	—	29.8%
Tennessee	1,082,413	306,826	28.3%	17.2%	48.8%	36.4%	28.7%	—	—	21.4%
Texas	5,258,913	1,542,259	29.3%	*	*	*	*	*	*	*
Utah	667,856	156,546	23.4%	*	*	*	*	*	*	*
Vermont	78,412	26,792	34.2%	—	—	—	—	—	—	—
Virginia	1,325,254	401,825	30.3%	15.8%	49.7%	39.8%	29.7%	—	—	22.2%
Washington	1,192,797	334,334	28.0%	15.4%	38.9%	45.7%	25.5%	32.8%	52.6%	21.6%
West Virginia	250,090	63,583	25.4%	11.0%	43.9%	27.4%	36.7%	—	—	24.1%
Wisconsin	888,816	294,791	33.2%	*	*	*	*	*	*	*
Wyoming	92,691	26,716	28.8%	—	—	37.1%	—	49.2%	—	26.2%

— Indicates the data was suppressed due to small sample size

** Indicates the state was excluded from the race/ethnicity analysis due to high rates of missing data*

PERCENT POTENTIALLY ELIGIBLE (STATE INCOME LIMITS)

State	All children under 13	Children estimated eligible, state income limit	Percent of children potentially eligible in each racial/ethnic group (state income eligibility)							
			Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
All U.S.	**49,872,873**	**10,108,720**	**20.3%**	**12.5%**	**35.6%**	**30.3%**	**18.8%**	**28%**	**26.1%**	**11.9%**
Alabama	774,216	119,441	15.4%	8.5%	30.8%	18.7%	16.0%	—	—	7.2%
Alaska	131,535	34,040	25.9%	—	—	—	26.1%	37.8%	—	18.0%
Arizona	1,141,600	200,665	17.6%	4.7%	27.9%	23.8%	12.6%	26.0%	—	9.5%
Arkansas	495,617	140,003	28.2%	—	46.0%	39.8%	26.6%	—	—	21.2%
California	6,220,216	1,903,760	30.6%	17.3%	41.5%	40.5%	18.8%	28.2%	39.1%	17.1%
Colorado	876,163	118,791	13.6%	*	*	*	*	*	*	*
Connecticut	501,115	104,744	20.9%	*	*	*	*	*	*	*
Delaware	145,412	25,567	17.6%	—	31.8%	18.2%	—	—	—	10.3%
District of Columbia	98,319	22,854	23.2%	—	37.8%	—	—	—	—	—
Florida	2,996,366	495,978	16.6%	8.9%	29.7%	19.0%	15.4%	—	—	9.2%
Georgia	*	*	*	*	*	*	*	*	*	*
Hawaii	219,228	25,873	11.8%	7.4%	—	14.5%	11.0%	—	24.0%	6.3%

State	All children under 13	Children estimated eligible, state income limit	Percent of children potentially eligible in each racial/ethnic group (state income eligibility)							
			Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Idaho	320,614	31,027	9.7%	—	—	16.5%	13.0%	23.6%	—	7%
Illinois	1,977,110	415,916	21.0%	*	*	*	*	*	*	*
Indiana	1,115,938	126,719	11.4%	4.8%	27.2%	17.2%	16.5%	—	—	7.7%
Iowa	513,893	63,317	12.3%	*	*	*	*	*	*	*
Kansas	498,135	97,207	19.5%	12.4%	39.7%	28.6%	25.9%	—	—	14.8%
Kentucky	709,200	112,853	15.9%	6.6%	36.7%	23.5%	25.5%	—	—	12.4%
Louisiana	772,737	178,299	24.0%	10.4%	40.9%	23.2%	28.2%	21.3%	—	12.1%
Maine	171,502	43,856	25.6%	—	—	—	—	—	—	24.8%
Maryland	949,090	233,424	24.6%	12.7%	37.3%	34.3%	20.9%	—	—	13.2%
Massachusetts	946,705	166,839	17.6%	*	*	*	*	*	*	*
Michigan	1,502,255	183,091	12.2%	3.1%	28.2%	18.4%	16.3%	21.1%	—	7.4%
Minnesota	927,093	145,212	15.7%	17.1%	37.8%	25.3%	20.8%	31.1%	—	10.0%
Mississippi	483,202	141,075	29.2%	—	44.4%	30.2%	36.9%	—	—	15.6%
Missouri	977,436	135,326	13.8%	*	*	*	*	*	*	*

State	All children under 13	Children estimated eligible, state income limit	Percent of children potentially eligible in each racial/ethnic group (state income eligibility)							
			Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Montana	163,368	21,418	13.1%	—	—	—	—	23.3%	—	10.3%
Nebraska	340,246	34,225	10.1%	—	34.6%	16.0%	14.4%	20.1%	—	5.9%
Nevada	489,728	59,853	12.2%	7.1%	21.9%	15.5%	9.2%	20.8%	—	6.6%
New Hampshire	176,532	25,475	14.4%	*	*	*	*	*	*	*
New Jersey	1,393,116	227,545	16.3%	4.6%	30.9%	26.7%	11.0%	—	—	8.6%
New Mexico	329,748	81,820	24.8%	—	17.0%	26.9%	27.9%	33.5%	—	16.2%
New York	2,869,822	524,747	18.3%	15.3%	27.6%	25.5%	16.7%	24.8%	—	12.3%
North Carolina	1,615,741	377,719	23.4%	12.4%	39.7%	32.5%	25.5%	29.8%	—	13.6%
North Dakota	135,723	26,755	19.7%	—	—	—	—	30.6%	—	16.0%
Ohio	1,823,551	252,684	13.9%	*	*	*	*	*	*	*
Oklahoma	679,514	186,864	27.5%	23.0%	46.4%	35.0%	30.3%	30.2%	—	21.0%
Oregon	605,641	97,790	16.1%	8.5%	24.9%	26.3%	13.6%	19.5%	—	12.7%
Pennsylvania	1,869,105	378,118	20.2%	15.2%	39.5%	35.6%	24.0%	—	—	13.3%

State	All children under 13	Children estimated eligible, state income limit	Percent of children potentially eligible in each racial/ethnic group (state income eligibility)							
			Total	Asian	Black/ African American	Hispanic/ Latino	Multiracial	Native American/ Alaska Native	Native Hawaiian/ Pacific Islander	White
Rhode Island	141,796	26,336	18.6%	*	*	*	*	*	*	*
South Carolina	782,244	149,836	19.2%	5.9%	36.1%	21.6%	20.4%	—	—	10.0%
South Dakota	155,059	34,776	22.4%	—	—	36.9%	—	35.8%	—	16.8%
Tennessee	1,082,413	306,826	28.3%	17.2%	48.8%	36.4%	28.7%	—	—	21.4%
Texas	5,258,913	1,312,589	25.0%	*	*	*	*	*	*	*
Utah	667,856	86,658	13.0%	*	*	*	*	*	*	*
Vermont	78,412	26,573	33.9%	—	—	—	—	—	—	—
Virginia	1,325,254	221,775	16.7%	8.0%	32.2%	24.2%	16.2%	—	—	10.0%
Washington	1,192,797	181,401	15.2%	6.9%	25.0%	29.6%	12.0%	20.8%	23.6%	10.0%
West Virginia	250,090	36,659	14.7%	—	30.3%	—	23.7%	—	—	14.0%
Wisconsin	888,816	149,181	16.8%	*	*	*	*	*	*	*
Wyoming	92,691	15,220	16.4%	—	—	20.8%	—	32.3%	—	14.5%

— Indicates the data was suppressed due to small sample size

** Indicates the state was excluded from the race/ethnicity analysis due to high rates of missing data*

APPENDIX IV: COMPARISONS IN THE NUMBER OF POTENTIALLY ELIGIBLE CHILDREN: STATE AND FEDERAL INCOME LIMITS

State	State		Federal		Difference Under State Income Limits	
	Income Eligibility Limit as FPL %	# Children Estimated Eligible	Income Eligibility Limit as FPL %	# Children Estimated Eligible	#	% Change
All U.S.	**189%**	**10,108,720**	**280%**	**15,047,966**	**-4,939,246**	**-49%**
Alabama	128%	119,441	241%	235,716	-116,275	-97.3%
Alaska	265%	34,040	268%	34,855	-815	-2.4%
Arizona	162%	200,665	283%	373,951	-173,286	-86.4%
Arkansas	202%	140,003	214%	148,053	-8,050	-5.7%
California	321%	1,903,760	290%	1,722,131	181,629	9.5%
Colorado	182%	118,791	314%	240,270	-121,479	-102.3%
Connecticut	224%	104,744	381%	176,507	-71,763	-68.5%
Delaware	182%	25,567	312%	47,021	-21,454	-83.9%
District of Columbia	246%	22,854	346%	31,349	-8,495	-37.2%
Florida	147%	495,978	242%	919,127	-423,149	-85.3%
Georgia	147%	297,026	251%	536,364	-239,338	-80.6%
Hawaii	189%	25,873	282%	46,266	-20,393	-78.8%
Idaho	128%	31,027	231%	84,501	-53,474	-172.3%
Illinois	196%	415,916	306%	637,934	-222,018	-53.4%
Indiana	125%	126,719	262%	338,485	-211,766	-167.1%
Iowa	142%	63,317	289%	173,307	-109,990	-173.7%
Kansas	182%	97,207	275%	158,973	-61,766	-63.5%
Kentucky	153%	112,853	246%	197,691	-84,838	-75.2%
Louisiana	165%	178,299	254%	262,567	-84,268	-47.3%

State	State		Federal		Difference Under State Income Limits	
	Income Eligibility Limit as FPL %	# Children Estimated Eligible	Income Eligibility Limit as FPL %	# Children Estimated Eligible	#	% Change
Maine	267%	43,856	280%	47,471	-3,615	-8.2%
Maryland	277%	233,424	380%	327,834	-94,410	-40.4%
Massachusetts	232%	166,839	394%	296,797	-129,958	-77.9%
Michigan	122%	183,091	280%	486,545	-303,454	-165.7%
Minnesota	189%	145,212	342%	306,047	-160,835	-110.8%
Mississippi	203%	141,075	212%	147,332	-6,257	-4.4%
Missouri	136%	135,326	265%	298,250	-162,924	-120.4%
Montana	147%	21,418	266%	52,918	-31,500	-147.1%
Nebraska	128%	34,225	283%	108,022	-73,797	-215.6%
Nevada	128%	59,853	251%	147,764	-87,911	-146.9%
New Hampshire	216%	25,475	360%	50,177	-24,702	-97.0%
New Jersey	196%	227,545	389%	455,399	-227,854	-100.1%
New Mexico	196%	81,820	211%	91,292	-9,472	-11.6%
New York	196%	524,747	315%	845,807	-321,060	-61.2%
North Carolina	196%	377,719	252%	487,923	-110,204	-29.2%
North Dakota	226%	26,755	320%	41,519	-14,764	-55.2%
Ohio	128%	252,684	277%	586,014	-333,330	-131.9%
Oklahoma	224%	186,864	232%	193,159	-6,295	-3.4%
Oregon	182%	97,790	274%	161,774	-63,984	-65.4%
Pennsylvania	196%	378,118	304%	594,283	-216,165	-57.2%
Rhode Island	177%	26,336	328%	50,813	-24,477	-92.9%
South Carolina	156%	149,836	241%	235,417	-85,581	-57.1%

State	State		Federal		Difference Under State Income Limits	
	Income Eligibility Limit as FPL %	# Children Estimated Eligible	Income Eligibility Limit as FPL %	# Children Estimated Eligible	#	% Change
South Dakota	214%	34,776	273%	53,033	-18,257	-52.5%
Tennessee	241%	306,826	241%	306,826	0	0.0%
Texas	220%	1,312,589	258%	1,542,259	-229,670	-17.5%
Utah	190%	86,658	267%	156,546	-69,888	-80.6%
Vermont	295%	26,573	298%	26,792	-219	-0.8%
Virginia	197%	221,775	330%	401,825	-180,050	-81.2%
Washington	196%	181,401	318%	334,334	-152,933	-84.3%
West Virginia	147%	36,659	238%	63,583	-26,924	-73.4%
Wisconsin	182%	149,181	302%	294,791	-145,610	-97.6%
Wyoming	183%	15,220	285%	26,716	-11,496	-75.5%

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[15] Overrepresentation is used here to indicate when a racial/ethnic group represents a higher proportion of all eligible children (40 percent) when compared to their proportion of the total population of children (20 percent). This overrepresentation is a result of historical and current economic inequity within some racial and ethnic groups that has led to lower average incomes and created disproportionate need for financial assistance to afford and access child care for these children and their families.
[16] It's important to note that this is in no way a call to increase the rates of potential eligibility for underrepresented children. Instead, it is meant to call attention to existing disproportionate need, as measured by income.
[17] Wilensky et al., "Expanding Access to Child Care Assistance."
[18] Karen E. Lynch, "The Child Care and Development Block Grant: In Brief," Congressional Research Service, November 2022, https://crsreports.congress.gov/product/pdf/R/R47312/2. States can serve children under age 19 who are unable to care for themselves due to physical or mental incapability or if the child is under court supervision.
[19] States can choose to serve children in families with incomes higher than 85 percent of the state median income

(SMI) using state funds. However, federal funds cannot be used to provide a subsidy for children with incomes higher than 85 percent SMI.

[20] In FY2020, the Office of Child Care began using GY (grant year) 2020 to refer to the specific year funds were awarded, even though states and territories can and do liquidate some CCDF funding in later years, while FY refers to the time between October 1 and September 30 when states spend funds awarded in current and previous years. "CCDF State and Territory Funding Allocations," Administration for Children and Families, Office of Child Care, U.S. Department of Health and Human Services, January 2024, https://www.acf.hhs.gov/occ/data/ccdf-state-and-territory-funding-allocations.

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[44] CLASP estimates are based on analysis of state aggregated ACS 5-year (2017 -2021), 1-year (2019), and 1-year (2021) data on children under age 13 and the proportion of those children whose available parent(s) was working, and with household incomes at or below 85 percent SMI, United States Census Bureau, https://data.census.gov/mdat/#/.
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[46] The number of children in each racial/ethnic category who were potentially eligible for CCDF. The total number for all racial/ethnic groups includes children identified as "some other race" although not included as a separate group.
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[51] States can also choose to serve children in families with incomes higher than 85 percent of the SMI using state funds. However, federal funds cannot be used to provide a subsidy for children with incomes higher than 85 percent SMI.
[52] Schulman, "On the Precipice." Table 1B.
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[54] CLASP calculations based on state income limits published in Schulman, "On the Precipice;" state aggregated analysis of American Community Survey 5-Year (2017-2021) Census data and 1-year Census data on children under age 13 (2019 and 2021); and the proportion of children whose available parent(s) were working with household incomes at or below 85 percent SMI in each state, United States Census Bureau, https://data.census.gov/mdat/#/.
[55] Data on race and ethnicity are collected and reported differently for CCDF and the ACS. The categories included reflect the aligned categories from each data source and are not a full representation of existing racial/ethnic

subcategories. In addition, categories not listed have been excluded due to small sample sizes. For more information, please reference the methodologies and limitations section.

[56] The percentages for each racial/ethnic category are calculated based on the estimated total number of potentially eligible children and estimated number of children who received a CCDF subsidy within each racial/ethnic group. It can be read as "Of all Asian children potentially eligible for CCDF, 4 percent received a subsidy."

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