

REPORT ON STATES SERVING PRIORITIZED CHILDREN WITH CHILD CARE ASSISTANCE UNDER THE CCDBG ACT OF 2014

BACKGROUND

The Child Care and Development Fund (CCDF) subsidies help low-income families with children under age 13 pay for child care. As a block grant, CCDF gives funding to states, territories, and tribes to provide child care subsidies through vouchers or certificates to low-income families, and grants and contracts with providers in some states. CCDF provides access to child care services for low-income families so parents can work, attend school, or enroll in training. Additionally, CCDF promotes the healthy development of children by improving the quality of early learning and afterschool experiences for both subsidized and unsubsidized children. Within the federal regulations, states, territories, and tribes decide how to administer their subsidy programs. States determine payment rates for child care providers, copayment amounts for families, specific eligibility requirements, and have some flexibilities on how to prioritize CCDF services.

For many parents, affordable child care and school-age care are critical to maintaining stable jobs. In 2017, 68 percent of single mothers were employed among families with children under age six and 57 percent of married-parent households were employed.¹ Research has shown that low-income parents who receive child care subsidies are more likely to be employed and have fewer work disruptions, which leads to more stable jobs.² In fiscal year 2018, CCDF provided \$8.1 billion in federal discretionary, mandatory, and matching funds to 56 states and territories and 260 tribal grantees representing over 500 federally recognized tribes. Additional funding is provided by state matching and maintenance of effort funds, as well as funds transferred from the Temporary Assistance for Needy Families (TANF) program and the Social Services Block Grant (SSBG).³

¹ <https://www.bls.gov/news.release/famee.t04.htm>.

² Schaefer, Stephanie A., J. Lee Kreader, and Ann M. Collins. —Parent Employment and the Use of Child Care Subsidies. Research Connections Research Brief. New York, NY: National Center for Children in Policy; Forry, Nicole, and Sandra L. Hofferth. 2010.

³ FY 2017 CCDF Allocations (including redistributed funds).

<https://www.acf.hhs.gov/occ/resource/fy-2017-ccdf-allocations-including-redistributed-funds>.

In FY 2016 (latest data available), CCDF served approximately 1.37 million children under the age of 13 from 823,600 low-income working families each month.⁴ According to an analysis of data developed by HHS’s Office of the Assistant Secretary for Planning & Evaluation (ASPE), 13.7 million children were eligible under federal rules for child care subsidies in an average month in fiscal years 2014 and 2015 (most recent data). Under state rules, 8.6 million children were eligible for subsidies. An estimated 2.1 million children under age 13 received child care subsidies through CCDF or related government funding streams each month in fiscal year 2014 and 2015 (most recent data), which is equivalent to 15 percent of all children eligible under federal rules and 25 percent of all children eligible under state rules.⁵

DISCUSSION

In section 658E(c)(3)(B)(ii)(I) of the CCDBG Act,⁶ Congress required an annual report “that contains a determination about whether each state uses amounts provided for the fiscal year involved under this subchapter in accordance with the priority for services.” The priorities for service categories include: 1) children of families with very low family incomes (taking into consideration family size), and 2) children with special needs. In section 658E(c)(3)(B)(i) of the CCDBG Act,⁷ Congress also highlighted assistance for children experiencing homelessness. The CCDF final rule added a priority of services for CCDF-eligible children experiencing homelessness at 45 CFR 98.46(a)(3).

This report includes analysis of ACF-801 administrative data. Some states had not reported priorities data at the time of this report. Other states are redesigning their data infrastructure and capacity to meet the needs of specified priority populations within their service areas. The report also includes summary information from 2016-2018 CCDF plans because summary information from the most recent FY 2019-2021 CCDF plans were not available at the time of this report.

a. Prioritizing services for children of families with very low incomes

Per the 2016-2018 CCDF plans, all states and territories prioritize or target child care services for children of families with very low incomes. States have the flexibility to determine the definition of “very low income.” Many states prioritize CCDF child care services to families receiving, at-risk of receiving, or

⁴ Characteristics of Families Served by the Child Care and Development Fund (CCDF) Based on Preliminary FY 2016 Data <https://www.acf.hhs.gov/occ/resource/characteristics-of-families-served-by-child-care-and-development-fund-ccdf>.

⁵ Source: CPS-ASEC data combined with estimates from TRIM3’s modeling of CCDF eligibility (data received from ASPE).

⁶ 42 U.S.C. §9858c(c)(3)(B)(ii)(I).

⁷ 42 U.S.C. § 9858c(c)(3)(B)(i).

transitioning off Temporary Assistance for Needy Families (TANF). Nationally, the average monthly percent of families served by CCDF that reported income from TANF was approximately 13 percent in FY 2016 (most recent data available). CCDF families also reported income from SNAP (43 percent) and Housing subsidies (four percent). According to FY 2016 CCDF administrative data of the families served by CCDF in 2016, 47 percent were below the federal poverty level (FPL), or \$20,160 for a family of three. Furthermore, 28 percent had incomes between 100 and 150 percent of the FPL; and 13 percent had incomes above 150 percent of the FPL. The remaining families had invalid or unreported data (five percent) or a child as only recipient (six percent). Some states prioritize services by waiving co-payments for families with very low incomes at or below poverty. As noted in FY 2016-2018 CCDF plans 33 states and territories waived co-payments for some or all families below poverty. Additionally 13 states and DC prioritized services for very low-income families, as defined by the state, when a waiting list was established by the state. Below are selected examples from the FY 2016-2018 CCDF plans of how states are prioritizing child care services to children of families with very low incomes.

State Initiatives:

- In Florida the Office of Early Learning (lead agency) collaborates with 30 local early learning coalitions across the state and the Redlands Christian Migrant Association (RCMA) to deliver comprehensive early learning services in 21 counties. The 30 RCMA direct service agencies provide high-quality child care and early education to children of migrant farm workers and other rural low-income families.
- Connecticut allows working parents whose TANF cash assistance benefits were discontinued within the six calendar months prior to the date of application for child care obtain a priority of service.
- Massachusetts has implemented a tiered eligibility system that limits entry to the subsidy system to families at or below 50 percent of the state median income. In addition, Massachusetts prioritizes access to child care financial assistance for specific vulnerable low income populations through its statewide contracts system.
- In North Carolina, families whose income is less than the state's income eligibility limit (200 percent FPL for children ages birth to five and 133 percent of the FPL for children ages six and

older) are considered families with very low income. Local purchasing agencies may establish priorities for serving these children from the waiting list.

FY 2016 ACF-801 CCDF administrative data (most recent year available) indicates that nearly 1.37 million children in the general population (ages birth through 12) received child care assistance monthly and approximately 52 percent were below 100 percent of the FPL as shown on **Appendix A**. Eighty-one percent of children who received CCDF child care services in Illinois were below poverty, the highest among the states, and 30 percent of children who received CCDF assistance in Washington were below poverty, the lowest among the states in 2016.⁸ As a point of comparison from analyzing 2016 American Community Survey 1-year estimates (a national survey administered by the Census Bureau), we determined 20 percent of children (ages birth through 12) in the general population were below poverty. The proportion of children below poverty is higher among children receiving CCDF services compared to the general population. This pattern holds in every state, suggesting that all states are prioritizing CCDF services for children of families with very low incomes.⁹

b. Prioritizing children with special needs

States must prioritize for services to children with special needs. States have the flexibility to define children with special needs in their CCDF Plans, and many include children with disabilities in their definitions. The Act defines the term “child with a disability,” but not the term “special needs.” States and territories are required to report if a child receiving CCDF services is a child with a disability as part of their ACF-801 administrative data reporting requirement. States were not required to report this data element until October 2016 for FY 2017. Therefore, we do not have sufficient data for FY 2016 to include in this report. Before October 2016, the majority of the states did not report adequate data on the extent to which they were serving children with disabilities that received CCDF assistance. However, many states provided information in their CCDF plans on how they were ensuring priority for services for children with special needs. The Office of Child Care (OCC) is working with states to address reporting

⁸ FY 2016 Preliminary Data Table 1 - Average Monthly Adjusted Number of Families and Children Served.

<https://www.acf.hhs.gov/occ/resource/fy-2016-preliminary-data-table-1>.

⁹ American Community Survey, 2016 1-year estimates (See **Appendix A**: calculation for CCDF poverty levels are based on 2016 HHS poverty guidelines (IPUMS tabulation by ASPE staff)).

issues related to this data element. We anticipate receiving sufficient data going forward that will be included in future versions of the priorities report.

Include child with a disability or unable to care for himself/herself as part of their special needs definition	Include protective services or foster care services as part of their special needs definition	Provide differential rates for children with special needs
AK,AS, AR, CA,CO, CT, DE, DC, FL, GA, GU, HI, ID, IL, IN, IA, KS, KY, LA, ME, MD, MA, MI, MN, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, CNMI, OH, OK, OR, PA, PR, SC, SD, TX, UT, VT, VI, VA, WA, WV, WI, WY.	AL,ME, MO, ND, TX	AZ, AR, CO at county discretion, CT, DE, GA, GU, IA, KS, LA, MN, MS, MO, MT, NH, NY, NC at discretion of local purchasing agency, OH, OK, OR, PA, SD, UT, VT, VA, WI.

Per the 2016- 2018 CCDF plans, 51 states and territories have a definition of special needs that includes child with a disability or unable to care for himself/herself. Additionally, five states have a definition of special needs that includes children at risk of or receiving protective services or foster care services. Twenty-six states and territories provide a higher payment rate to providers caring for children with special needs who require additional care.

c. Prioritizing children experiencing homelessness

Federal rules include children experiencing homelessness on the list of categories for which states must provide priority for services to ensure that the most vulnerable families receive CCDF assistance. States must provide priority of services to children experiencing homeless as defined in section 725 of Subtitle VII-B of the McKinney-Vento Act.¹⁰ Therefore, states must demonstrate in their CCDF plans how they offer priority for services to children experiencing homelessness. States have flexibility on how they provide such priority of services to children experiencing homelessness in their service areas. For instance, states may prioritize enrollment services, waive co-payment fees, and pay higher rates for access to higher-quality care, or use grants or contracts to reserve slots for children experiencing homelessness.

¹⁰ (42 U.S.C. §11434a).

Section 658K (a)(1)(B)(xi) of the CCDBG Act requires states to report whether children receiving CCDF assistance are homeless.¹¹ States were first required to report the data element for family homeless status in October 2015 for FY 2016. The FY 2016 preliminary data in **Appendix B** shows a wide range of variation across states regarding the proportion of children experiencing homelessness who are receiving CCDF services. An analysis of variations across states shows that 27 states reported homelessness status for 100 percent of their data records, and of those states nine reported serving zero percent (or a number that rounded to zero) of children experiencing homelessness in their CCDF programs. Eighteen states reported between one percent and 11 percent of children they served were experiencing homelessness. In addition, 19 states and territories reported 100 percent of their data as invalid or missing for this data element. Most of these states reported working to establish or expand their data collection procedures to reflect the required definition for children experiencing homelessness as defined in section 725 of Subtitle VII-B of the McKinney-Vento Act. While states use different approaches in their CCDF programs to serve children experiencing homelessness, in some instances children experiencing homelessness are not properly identified based on the definition in section 725 of Subtitle VII-B of the McKinney-Vento Act. We recognize the challenges this broad definition may pose to states' data collection procedures and we are working with states to provide technical assistance to resolve this issue.

CONCLUSION

OCC is required by law to provide a report on states compliance with the priority of assistance to children in very low income families and children with special needs. OCC is pleased to report that all states are prioritizing CCDF assistance to families with very low incomes, children with special needs and children experiencing homelessness as reported in 2016-2018 CCDF plans. States are working to establish or expand outreach and access for children experiencing homelessness pursuant to the Act and the final rule requirements. OCC will continue to track states' priorities data and provide more complete information in the next annual report, which is due on September 30, 2019 as required by the CCDBG Act.

¹¹ 42 U.S.C. § 9858i (a)(1)(B)(xi).

Appendix A: Percent of Children Below Poverty in Each State: A Comparison of the CCDF Caseload with General Population

State	Percent of CCDF Children (Birth through 12) Below Poverty by State ¹	Percent of Children in General Population (Birth through 12) Below Poverty by State ²
Alabama	72%	27%
Alaska	38%	17%
Arizona	41%	26%
Arkansas	51%	26%
California	39%	21%
Colorado	45%	15%
Connecticut	37%	14%
Delaware	44%	19%
District of Columbia	44%	26%
Florida	41%	23%
Georgia	38%	26%
Hawaii	58%	11%
Idaho	75%	18%
Illinois	81%	20%
Indiana	54%	22%
Iowa	60%	16%
Kansas	54%	16%
Kentucky	52%	29%
Louisiana	56%	32%
Maine	31%	25%
Maryland	76%	14%
Massachusetts	77%	16%
Michigan	57%	23%
Minnesota	47%	15%
Mississippi	68%	31%
Missouri	58%	23%
Montana	54%	17%

¹ Percent of CCDF Children in Poverty (Based on HHS Poverty Guidelines for 2016) and Preliminary FY 2016 ACF-801 Data reported by the 50 States and District of Columbia (tabulation by the National Center on Child Care Data and Reporting staff).

² American Community Survey, 2016 1-year estimates (IPUMS tabulation by ASPE staff).

https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YR_S1701&prodType=table

State	Percent of CCDF Children (Birth through 12) Below Poverty by State ¹	Percent of Children in General Population (Birth through 12) Below Poverty by State ²
Nebraska	61%	17%
Nevada	43%	21%
New Hampshire	40%	9%
New Jersey	37%	15%
New Mexico	51%	32%
New York	70%	22%
North Carolina	60%	24%
North Dakota	32%	16%
Ohio	66%	24%
Oklahoma	62%	26%
Oregon	61%	19%
Pennsylvania	43%	20%
Rhode Island	43%	18%
South Carolina	70%	25%
South Dakota	50%	21%
Tennessee	58%	26%
Texas	38%	24%
Utah	49%	13%
Vermont	32%	12%
Virginia	63%	16%
Washington	30%	16%
West Virginia	57%	28%
Wisconsin	45%	19%
Wyoming	33%	12%
National Total	52%	20%

Data as of: 13-DEC-2017

Appendix B: Percentages of Children (Birth through Age 12) Receiving CCDF Who Are Homeless by State (FY 2016)

State	Total (No)	Total (Yes)	Invalid/Not Reported Homeless Status	Total
Alabama	8%	0%	92%	100%
Alaska	99%	1%	0%	100%
American Samoa	0%	0%	100%	100%
Arizona	92%	0%	8%	100%
Arkansas	0%	0%	100%	100%
California	0%	0%	100%	100%
Colorado	99%	1%	0%	100%
Connecticut	0%	0%	100%	100%
Delaware	99%	1%	0%	100%
District of Columbia	89%	11%	0%	100%
Florida	98%	2%	0%	100%
Georgia	0%	0%	100%	100%
Guam	100%	0%	0%	100%
Hawaii	100%	0%	0%	100%
Idaho	0%	0%	100%	100%
Illinois	0%	0%	100%	100%
Indiana	97%	3%	0%	100%
Iowa	0%	0%	100%	100%
Kansas	0%	0%	100%	100%
Kentucky	0%	0%	100%	100%
Louisiana	0%	0%	100%	100%
Maine	56%	0%	44%	100%
Maryland	100%	0%	0%	100%
Massachusetts	98%	2%	0%	100%
Michigan	99%	1%	0%	100%
Minnesota	86%	1%	13%	100%
Mississippi	0%	0%	100%	100%
Missouri	99%	1%	0%	100%
Montana	61%	1%	38%	100%
Nebraska	0%	0%	100%	100%
Nevada	93%	0%	7%	100%
New Hampshire	92%	8%	0%	100%
New Jersey	99%	1%	0%	100%
New Mexico	0%	0%	100%	100%
New York	6%	0%	94%	100%
North Carolina	100%	0%	0%	100%
North Dakota	100%	0%	0%	100%
Northern Mariana Islands	0%	0%	100%	100%
Ohio	99%	1%	0%	100%
Oklahoma	0%	0%	100%	100%
Oregon	100%	0%	0%	100%

State	Total (No)	Total (Yes)	Invalid/Not Reported Homeless Status	Total
Pennsylvania	51%	0%	49%	100%
Puerto Rico	0%	0%	100%	100%
Rhode Island	99%	1%	0%	100%
South Carolina	52%	0%	47%	100%
South Dakota	98%	2%	0%	100%
Tennessee	100%	0%	0%	100%
Texas	0%	0%	100%	100%
Utah	96%	1%	4%	100%
Vermont	99%	1%	0%	100%
Virgin Islands	0%	0%	100%	100%
Virginia	100%	0%	0%	100%
Washington	94%	6%	0%	100%
West Virginia	100%	0%	0%	100%
Wisconsin	99%	1%	0%	100%
Wyoming	99%	1%	0%	100%

Data as of: 13-DEC-2017

Notes applicable to this table:

1. The source for this table is ACF-801 data for FY 2016.
2. Children over the age of 12, or with missing age data are excluded from this report. The Invalid/Not Reported category only includes children with blank or invalid codes for Homelessness.
3. For states reporting homeless status, a "0%" indication often means the value is less than 0.5% rather than actually zero. In a few instances, the sum of the categories may not appear to add up to exactly 100% because of rounding.
4. At the time of publication, American Samoa had submitted 1 month of ACF-801 data for FY 2016; Texas had submitted 3 months; South Carolina had submitted 6 months; Puerto Rico and Rhode Island had submitted 9 months; Georgia had submitted 10 months; and Louisiana, and North Dakota had submitted 11 months. All other States and Territories had submitted the full 12 months of data.