

Child Care and Development Fund (CCDF) Report on States Priorities for Child Care Services: Fiscal Year 2019

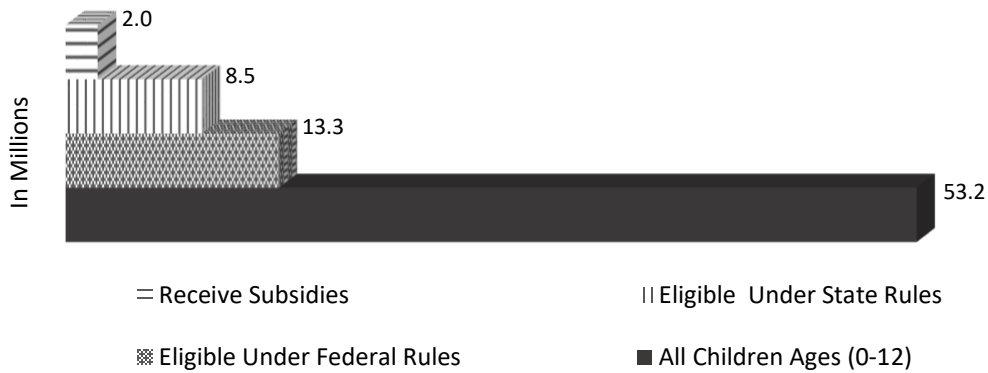
BACKGROUND

The Child Care and Development Fund (CCDF) program help low-income families with children under the age of 13 pay for child care services. CCDF is a block grant program administered by states, territories, and tribes that provides child care subsidies through vouchers or certificates to low-income families, and grants and contracts with providers in some states. CCDF supports 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, state lead agencies decide how to administer the CCDF 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. CCDF administrative data, including monthly case-level data reported on the ACF-801, provides information about the characteristics (including income) of families receiving a child care subsidy. Fiscal year 2017 ACF-801 CCDF administrative data (most recent year available) indicates that approximately 1.32 million children and 796,000 families per month received CCDF child care assistance in fiscal year 2017. The CCDF subsidy program emphasizes parental choice; therefore, children are cared for in a wide variety of settings. Nationally, in fiscal year 2017: (1) 75 percent of children receiving subsidies were cared for in center-based care; (2) 21 percent of children receiving CCDF assistance were cared for in family child care homes; (3) 3 percent of children were cared for in the child's own home; and (4) the data was not reported or was invalid for the remaining 1 percent. For many parents, affordable child care and school-age care are critical to maintaining stable jobs. According to an analysis of Bureau of Labor Statistics employment data, in 2018, at least one parent was employed in 91 percent of families with children under the age of 18, and 72 percent of women with children were working or looking for work.¹

¹ Table 4. Families with own children: Employment status of parents by age of youngest child and family type, 2017-2018 annual averages.

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

Figure 1. How Many Children are Eligible for Subsidies and Receive Child Care Subsidies?



15 percent of all children eligible under federal rules and 24 percent of all children eligible under state rules receive child care subsidies.

An estimated 2 million children under the age of 13 received child care subsidies through CCDF or related government funding streams in an average month in fiscal year 2016 (most recent data), which is equivalent to 15 percent of all children eligible under federal rules and 24 percent of all children eligible under state rules. Under federal eligibility rules, 13.3 million children were eligible for child care subsidies in an average month in fiscal year 2016, which represents 25 percent of the total 53.2 million children under the age of 13. In addition, 8.5 million children were eligible for subsidies under state eligibility rules that represents 16 percent of the total 53.2 million children in the age range served by CCDF, and 64 percent of children eligible under federal rules.²

DISCUSSION

Section 658E(c)(3)(B)(ii)(I) of the Child Care and Development Block Grant (CCDBG) Act requires ACF to report to Congress on whether lead agencies are prioritizing services to children experiencing homelessness, children with special needs, and families with very low incomes. The annual priorities report must contain a determination about whether each state uses amounts provided for the fiscal year involved in accordance with the priority for services. The priority for services categories identified in the CCDBG Act 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 Act, Congress also highlighted assistance for children experiencing homelessness. The CCDF Final Rule (81 F.R. 67438) includes a priority of services

² Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2016. <https://aspe.hhs.gov/system/files/pdf/262926/CY2016-Child-Care-Subsidy-Eligibility.pdf>

for CCDF eligible children experiencing homelessness at 45 CFR 98.46(a)(3). The Act requires ACF to impose a penalty on lead agencies that fail to meet these priority for services requirements. In accordance with the Act, the provision at 45 CFR 98.92(b)(3) requires a penalty of 5 percent of the CCDF Discretionary Funds be withheld for any fiscal year that the Secretary determines the lead agency has failed to give priority for service in accordance with the priority of services provisions at 45 CFR 98.46.

This priorities report includes analysis of ACF-801 administrative data and summary information from 2019-2021 CCDF state plans. The CCDBG Act of 2014, and associated 2016, CCDF regulation require additional data elements to be reported by states, which will enable us to better understand how states are providing priority services to these populations including data on children experiencing homelessness and children with disabilities (who are often included in the priority for children with special needs). Data available from these new elements is still limited, as states are working to improve the quality and completeness of this reporting. In order for states to report the new data elements, states must identify resources to make changes to their existing systems, and to establish the processes and procedures to collect and report these data. These changes included: 1) modify their application forms and policy materials to implement consistent definitions; 2) update application forms to include new questions; 3) update training materials and develop procedures to train state and local staff on the new requirements; 4) modify their data collection systems to collect and report these new data elements; and 5) potentially implement data sharing agreements to obtain data from other state systems.

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

According to a 2018 state by state child care cost report developed by Child Care Aware of America, in 28 states plus the District of Columbia, the cost of full-time infant care in a center is higher than the cost of in-state tuition at a public university. The difference between child care costs and tuition ranged from \$46 to over \$15,000 per year.³ These prices make licensed and legally-operating child care unaffordable for many families, and particularly for families with very low incomes.

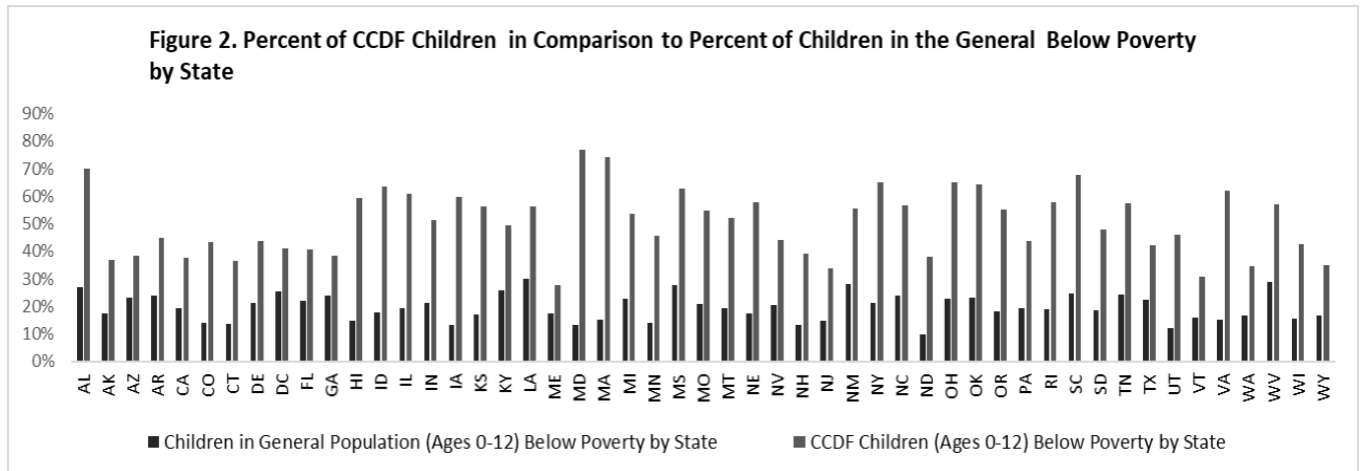
Fiscal year 2017 ACF-801 CCDF administrative data (most recent year available) indicates that approximately 1.32 million children and 796,000 families per month received CCDF assistance in fiscal year 2017. Of the families served by CCDF in fiscal year 2017, 45 percent were below the Federal Poverty Level (FPL), or \$20,420 for a family of three; 29 percent had incomes between 100 percent 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 (5 percent), or a child as only recipient (8 percent). Additionally, among CCDF families with reported income in FY 2017, approximately 75 percent of them paid a copayment; the remaining 25 percent of the families

³ The US and the High Cost of Child Care: A Review of Prices and Proposed Solutions for a Broken System 2018 Report

<https://cdn2.hubspot.net/hubfs/3957809/costofcare2018.pdf?hstc=&hssc=&hsCtaTracking=b4367fa6-f3b9-4e6c-acf4-b5d01d0dc570%7C94d3f065-e4fc-4250-a163-bafc3defaf20>

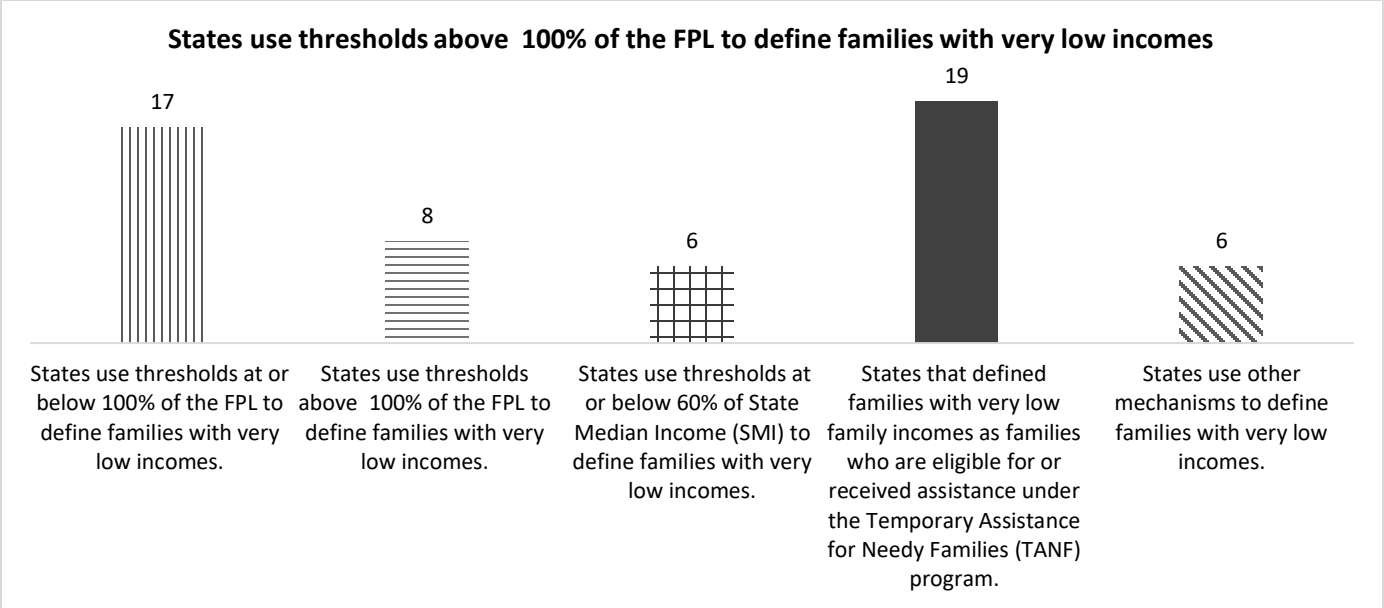
with reported income had \$0 copay. For families that were assessed a copayment, the average copayment was 7 percent of family income.⁴

In fiscal year 2017, approximately 12 percent of families that receive CCDF assistance reported income from Temporary Assistance for Needy Families (TANF). Most states give first priority for child care assistance to families currently receiving, at-risk of receiving, or transitioning off TANF. CCDF families also reported income from Supplemental Nutrition Assistance Program (41 percent) and Housing (3 percent).

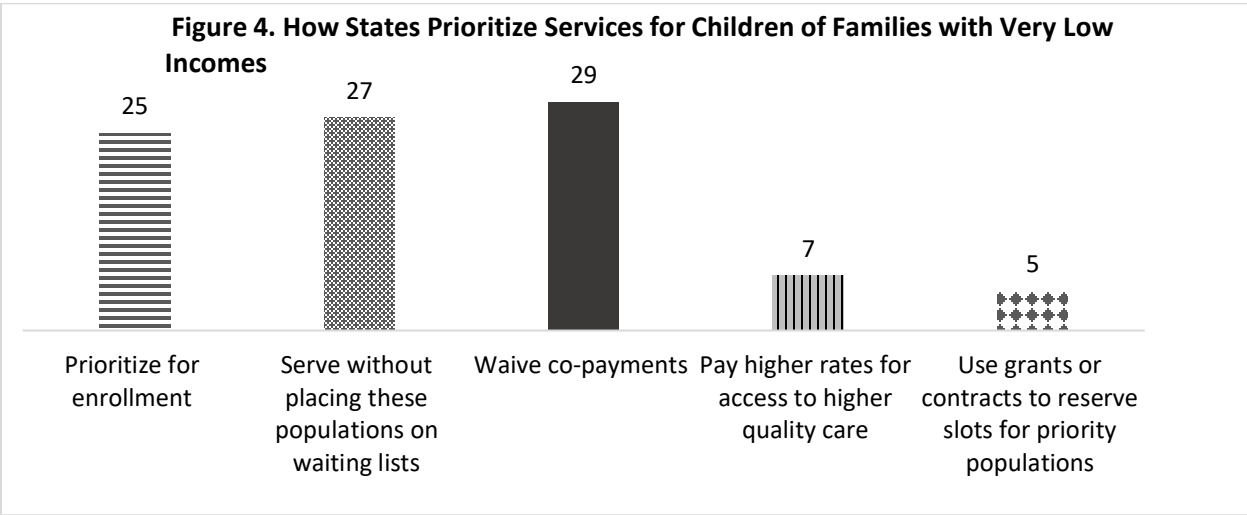


As shown in figure 2, 77 percent of children who received CCDF child care services in Maryland were below poverty, the highest among the states, and 28 percent of children who received CCDF assistance in Maine were below poverty, the lowest among the states in 2017. Nationally 20 percent of children ages 0-12 in the general population were below poverty and 50 percent of children ages 0-12 that received CCDF assistance were below poverty. This means 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.

⁴ Characteristics of Families Served by the Child Care and Development Fund (CCDF) Based on Preliminary FY 2017 Data
<https://www.acf.hhs.gov/occ/resource/preliminary-fy2017>



Lead agencies have the flexibility to determine the definition of “very low income” for the purposes of providing priority of child care services. Analysis of fiscal years 2019-2021 CCDF Plans data, (see figure 3), shows that the definition of families with very low family incomes (considering family size) varies across states. There were 19 states that defined families with very low family incomes as families who are eligible for or received assistance under the Temporary Assistance for Needy Families (TANF) program. Seventeen (17) states define families with very low incomes as family with incomes at or below 100% of the FPL. Eight (8) states use thresholds above the 100 percent of the FPL to define families with very low incomes. Six (6) states use thresholds at or below 60 percent of their State Median Income (SMI) to define families with very low incomes. Six (6) states use other mechanisms to define families with very low incomes. For example, states may not have specific definitions in their CCDF plans for families with very low family incomes, but describe how they provide priority of services to children of families with very low incomes.

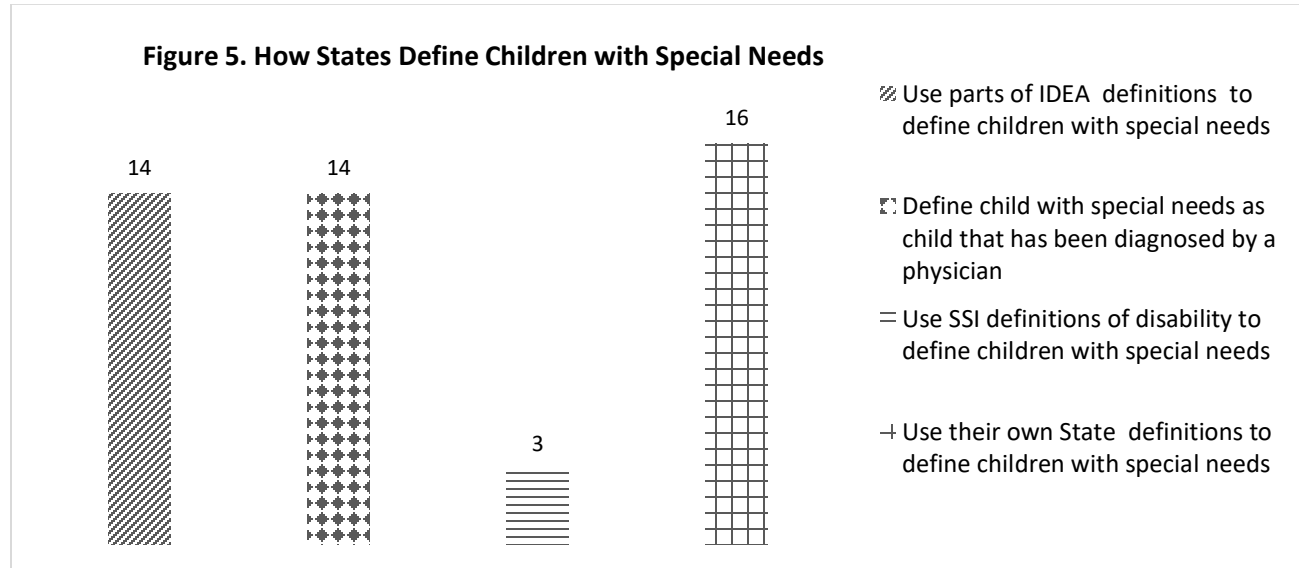


As illustrated in figure 4, lead agencies states may use multiple strategies to prioritize services for children of families with very low incomes. States strategies may include, but are not limited to: prioritizing enrollment, waiving co-payments, paying higher rates for access to higher-quality care, or using grants or contracts to reserve slots for priority populations.

- Twenty-five (25) states prioritize enrollment for children of families with low incomes.
- Twenty-seven (27) states including the District of Columbia serve children of families with very low incomes without placing them on wait lists.
- Twenty-nine (29) states waive co-payments for children of families with very low incomes.
- Seven (7) states provide a higher payment rate to providers caring for children of families with very low incomes.
- Five (5) states use grants or contracts to reserve slots for children of families with very low incomes.

b. Prioritizing children with special needs

Federal rules require states to provide priority of child care services to children with special needs. States have the flexibility to define children with special needs in their CCDF plans, and many states include children with disabilities in their definitions. A report developed by the Rehabilitation Research and Training Center on Disability Statistics and Demographics shows that in 2016, fewer than 1 percent of children under age of 5 in the general population had a disability. For those children ages 5-17 with a disability the rate was 5.6 percent.⁵

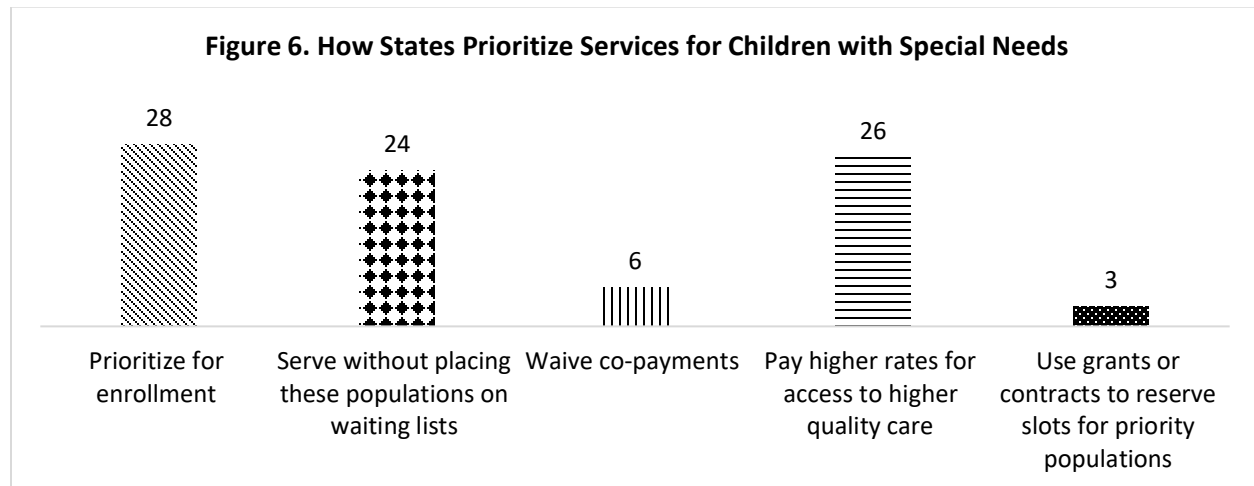


⁵ Kraus, L., Lauer, E., Coleman, R., and Houtenville, A. (2018). 2017 Disability Statistics Annual Report. Durham, NH: University of New Hampshire.

https://disabilitycompendium.org/sites/default/files/user-uploads/2017_AnnualReport_2017_FINAL.pdf

An analysis of fiscal years 2019-2021 CCDF Plan information illustrated in figure 5 shows that the definition of children with disability, for purposes of prioritizing services to children with special needs, varies across states.

- Fourteen (14) states use parts of the Individuals with Disabilities Education Act (IDEA) definitions to define children with special needs.
- Fourteen (14) states define children with special needs as children that have been diagnosed by a physician or other licensed medical professionals.
- Three (3) states use supplemental security income (SSI) definitions of children with disability to define children with special needs.
- Sixteen (16) states use their own state definition of children with disability to define children with special needs including child with a disability or unable to care for himself/herself. These states may define children with special needs as children at risk of or receiving protective services or foster care services.



As demonstrated in figure 6, states use a variety of approaches to prioritize services for children with special needs.

- Twenty-eight (28) states prioritize enrollment for children with special needs.
- Twenty-four (24) states do not waitlist children with special needs.
- Six (6) states waive co-payments for parents of children with special needs.
- Twenty-six (26) states provide higher payment rates to providers that care for children with special needs.
- Three (3) states use grants or contracts to reserve slots for children with special needs.

c) Prioritizing children experiencing homelessness

Many families with young children in the United States experience homelessness. According to a report developed by the U.S. Department of Education, in 2016 about a third of all people who stayed in a shelter were families with children, and nearly half of children served by U.S. Department of Housing and Urban Development (HUD) --funded emergency and transitional housing providers were age 5 or younger. In 2015—2016, more than 1.25 million young

children ages 0-5 were reported experiencing homelessness. In 2016, only about nine percent of children experiencing homelessness (108,677 children) were enrolled in Head Start and Early Head Start (administered by the U.S. Department of Health and Human Services) or early childhood programs funded by McKinney-Vento subgrants (administered by the U.S. Department of Education). This rate does not include CCDF or state and locally-funded early childhood programs.⁶

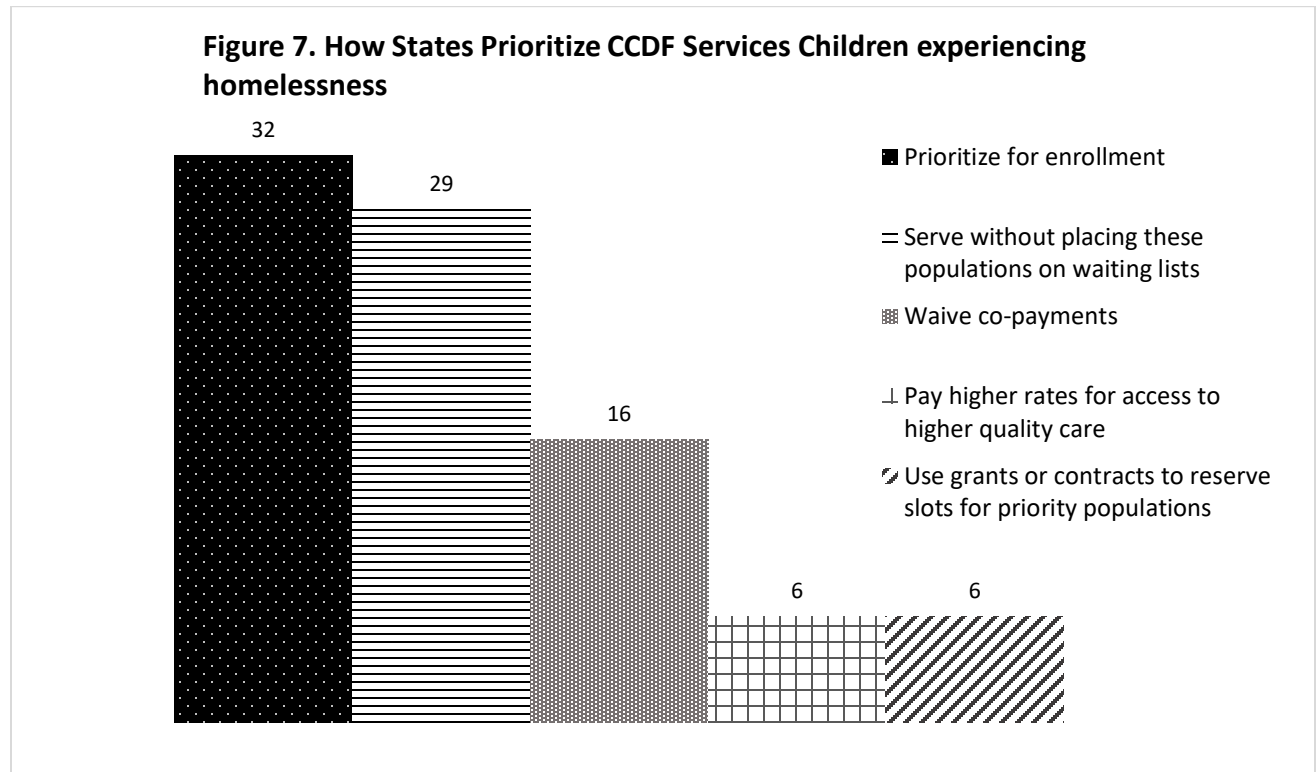
The CCDBG Act includes several provisions designed to support services to children and families experiencing homelessness. Lead agencies must include a description in their state plans of how they provide priority for services to children who are experiencing homelessness. States must use the definition of homeless applicable to Head Start and school programs from section 725 of Subtitle VII–B of the McKinney-Vento Act. This definition of “homeless” reflects the reality of children experiencing homelessness today. The McKinney-Vento Act’s definition specifically includes children living in emergency shelters, motels, hotels, trailer parks, cars, parks, public spaces, or abandoned buildings, and those sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason.⁷

Even though states may have changed their definitions for “children experiencing homelessness” to the section 725 of Subtitle VII–B of the McKinney-Vento Act definition provided above, families may not always self-report accurately their status due to stigma associated with homelessness. States continue their efforts in this area looking for more nuanced approaches to obtain data that meets the McKinney-Vento Act definition. Since fiscal year 2015, states were required to report whether a family receiving CCDF assistance is homeless on the ACF-801 administrative data report. Fiscal year 2017 preliminary data in **Appendix A** 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 33 states and territories reported homelessness status for 100 percent of their data records, and of those, 11 states and territories reported serving 0 percent (or a number that rounded to zero) of children experiencing homelessness in their CCDF programs. Twenty-one (21) states reported between 1 percent and 9 percent of children they served were experiencing homelessness. In addition, six states and territories reported 100 percent of their data as invalid or missing for this data element. States continued 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

⁶ Early Childhood Homelessness State Profiles 2018
<https://www2.ed.gov/rschstat/eval/disadv/homeless/early-childhood-homelessness-state-profiles.pdf>

⁷ Understanding the McKinney-Vento Homeless Assistance Act’s Definition of “Homeless”
https://childcareta.acf.hhs.gov/sites/default/files/public/understanding-federal-definitions-3-12-18_508_0.pdf

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.



How states prioritize services for children experiencing homelessness varies across states as shown in figure 7. This data demonstrates the progress states are making in meeting this new priority of services requirement.

- Thirty-two (32) states have policies in place to prioritize enrollment for children experiencing homelessness.
- Twenty-nine (29) states do not place children experiencing homelessness on a waitlist.
- Sixteen (16) states have policies in place to waive copayments for children experiencing homelessness.
- Six (6) states pay higher rates to providers that care for children experiencing homelessness.
- Six (6) states use grants or contracts reserve child care slots for children experiencing homelessness.

CONCLUSION

OCC is required by the CCDBG Act to provide a priorities report on states compliance with the priorities of services 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 2019-2021 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 state priorities data and provide more complete information in the next annual report, which is due on September 30, 2020 as required by the CCDBG Act.

Appendix A: Percentages of Children (Birth through Age 12) Receiving CCDF Who Are Homeless by State (FY 2017).

State	Not Homeless	Homeless	Invalid/Not Reported	Total
Alabama	69%	0%	31%	100%
Alaska	99%	1%	0%	100%
American Samoa	—	—	—	—
Arizona	50%	1%	49%	100%
Arkansas	81%	1%	18%	100%
California	0%	0%	100%	100%
Colorado	98%	2%	0%	100%
Connecticut	0%	0%	100%	100%
Delaware	99%	1%	0%	100%
District of Columbia	69%	9%	22%	100%
Florida	97%	3%	0%	100%
Guam	100%	0%	0%	100%
Georgia	0%	0%	100%	100%
Hawaii	100%	0%	0%	100%
Idaho	100%	0%	0%	100%
Illinois	41%	0%	59%	100%
Indiana	90%	9%	1%	100%
Iowa	76%	0%	24%	100%
Kansas	8%	0%	92%	100%
Kentucky	100%	0%	0%	100%
Louisiana	89%	0%	10%	100%
Maine	99%	0%	1%	100%
Maryland	98%	2%	0%	100%
Massachusetts	97%	3%	0%	100%
Michigan	99%	1%	0%	100%
Minnesota	76%	3%	21%	100%
Mississippi	100%	0%	0%	100%
Missouri	99%	1%	0%	100%
Montana	84%	1%	15%	100%
Nebraska	0%	0%	100%	100%
Nevada	95%	1%	4%	100%
New Hampshire	91%	9%	0%	100%
New Jersey	99%	1%	0%	100%
New Mexico	100%	0%	0%	100%
New York	35%	0%	64%	100%
North Carolina	100%	0%	0%	100%
North Dakota	99%	1%	0%	100%
Northern Mariana Islands	0%	0%	100%	100%

State	Not Homeless	Homeless	Invalid/Not Reported	Total
Ohio	99%	1%	0%	100%
Oklahoma	33%	0%	66%	100%
Oregon	100%	0%	0%	100%
Pennsylvania	56%	0%	44%	100%
Puerto Rico	100%	0%	0%	100%
Rhode Island	99%	1%	0%	100%
South Carolina	97%	3%	0%	100%
South Dakota	97%	3%	0%	100%
Tennessee	100%	0%	0%	100%
Texas	98%	2%	0%	100%
Utah	92%	2%	6%	100%
Vermont	98%	2%	0%	100%
Virgin Islands	0%	0%	100%	100%
Virginia	99%	1%	0%	100%
Washington	94%	6%	0%	100%
West Virginia	100%	0%	0%	100%
Wisconsin	99%	1%	0%	100%
Wyoming	99%	1%	0%	100%

Notes applicable to this report:

Data as of: 25-OCT-2018

At the time of publication, American Samoa had not yet reported ACF-801 data for FY 2017 and Puerto Rico had submitted 9 months. All other states and territories had submitted the full 12 months of data.

