

CHILD CARE SERVICES

This focus report provides an overview of the use of Social Services Block Grant (SSBG) expenditures for child care and the number of recipients in Federal fiscal year (FY) 2014. The report also provides an analysis of trends for SSBG expenditures and the number of recipients of child care between FY 2010 and FY 2014.

States have substantial discretion in the use of SSBG funds and may determine what services to provide, who is eligible to receive services, and how funds are used.¹ States may use SSBG funds to provide child care services for infants, toddlers, preschoolers, and school age children. Services may include direct child care services, subsidies for the provision of child care, and support services for children and caregivers. The SSBG uniform definition of child care services stipulates that funded services and supports may include:

- comprehensive developmental activities
- recreation
- meals and snacks
- transportation
- health support services
- counseling for parents
- licensing and monitoring of facilities²

The Federal Government provides funding to States specifically for the provision of child care through the Child Care and Development Fund (CCDF). CCDF assists low-income families, families receiving temporary public assistance, and those transitioning off public assistance, in obtaining child care so they can work, attend training, or further their education. In FY 2014,

¹ For purposes of this report, “States” include the 50 States, the District of Columbia, and Puerto Rico.

² SSBG service definitions can be found on the Office of Community Services website:
<http://www.acf.hhs.gov/programs/ocs/resource/uniform-definition-of-services>.



CCDF allocated approximately \$7.2 billion to States, Territories, and Tribes.³ Many States use SSBG funds in addition to CCDF funds to provide child care services. Other child care funding sources include Temporary Assistance for Needy Families (TANF), and State funds. The CCDF is the primary source of Federal funding for child care, with broad discretion by the States on how these funds are utilized.⁴

Safe, affordable, and dependable child care that promotes positive child development is an essential support for working families with young children. In addition to its economic importance, research has shown that quality child care can positively impact children’s intellectual, linguistic, and social development, and long-term academic achievement.⁵

Child care costs are a major household expense for many parents and caregivers. It is estimated that more than 15 million American children under the age of six require child care, with more than \$10 billion dollars in government assistance being expended by States for these services.⁶ Furthermore, the annual average cost of full-time child care in FY 2014 ranged from approximately \$4,000 to \$16,500 depending on the age of child, where the family lives, and the type of care.⁷

In light of the annual financial burden incurred by American working families, SSBG funds provide critical support to State and local child care programs in an effort to broaden access to care and keep costs affordable. The following sections detail the amounts of SSBG funds expended by States for the provision of child care in FY 2014 and examine the number of children benefitting from these services.

CHILD CARE SERVICES EXPENDITURES IN 2014

The SSBG program disburses funds to States in proportion to their population. In addition, a State may transfer up to 10% of its annual Temporary Assistance to Needy Families (TANF) block grant funds into its SSBG program.⁸ States report annually on SSBG expenditures and recipients in a post-expenditure report. SSBG expenditures are the expenditures of the SSBG allocation combined with TANF block grant funds transferred into the SSBG program (TANF transfer). (See figure 1.)

³ U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Care. *CCDF Expenditures Overview for FY 2014 as of 09/30/2014*. Retrieved from <http://www.acf.hhs.gov/programs/occ/resource/ccdf-expenditures-overview-for-fy-2014-as-of-9-30-2014>.

⁴ Child Care Aware of America. (2014). *Child Care in America: 2014 State Fact Sheets*. Retrieved from http://www.ks.childcareaware.org/wp-content/uploads/2014/09/2014-Child-Care-in-America_State-Fact-Sheets.pdf.

⁵ Vandell, D.L., Belsky, J., Burchinai, M., Steinberg, L., & Vendergrift, N. (2010). Do effects of early child care extend to age 15 years? Results from the NICHD study of early child care and youth development. *Child Development, 81*(3), 737-756.

⁶ Child Care Aware of America (2014). *Child Care in America: 2014 State Fact Sheets*. Retrieved from http://www.ks.childcareaware.org/wp-content/uploads/2014/09/2014-Child-Care-in-America_State-Fact-Sheets.pdf.

⁷ Ibid.

⁸ 42 U.S.C. §604(d)(3)(B).

Figure 1
Expenditure Terminology



In FY 2014, 31 States reported approximately \$300 million in SSBG expenditures for child care services, accounting for 14% of all SSBG expenditures in those States. TANF transfer funds accounted for 79% (\$237 million) of these SSBG expenditures. (See table 1.) States spent 11% of all SSBG expenditures on child care, making it the third largest service by share of expenditures of all 29 SSBG service categories in FY 2014.

Among the 31 States that reported SSBG expenditures for child care services, the percentage of States' total SSBG expenditures used for this purpose varied from less than 1% to 70%:

- Rhode Island used the largest percentage of its SSBG expenditures for child care services (70%). The State reported approximately \$9.8 million in SSBG expenditures for child care services.
- Five additional States reported spending more than 20% of their SSBG expenditures on child care—Vermont (47%), California (37%), Connecticut (37%), Pennsylvania (31%), and Tennessee (21%).⁹

In FY 2014, States reported transferring over \$1.2 billion from the TANF block grant to the SSBG program. Of this amount, 13 States spent \$237 million in TANF funds to support child care services. (See table 1.) TANF funds accounted for 79% of all SSBG expenditures for child care services. In four States, 100% of SSBG expenditures for child care were TANF transfer funds—Illinois, Pennsylvania, South Dakota, and Texas.

The 31 States that reported SSBG expenditures for child care services also reported using approximately \$3.3 billion of other Federal, State and local funds for provision of child care.¹⁰ (See table 2.) Accordingly, SSBG expenditures accounted for 8% of total funds spent by these States for child care services in FY 2014. States did not report the specific sources of these funds. However, it is likely that some, if not all, of these funds came from the CCDF.

⁹ California alone accounted for 69% of all SSBG expenditures by States for child care services in FY 2014.

¹⁰ States self-report the total amount of other Federal, State, and local funds spent for each service supported with SSBG expenditures. State data on other Federal, State, and local funds is not validated through a third-party data source. If States do not report SSBG expenditures for a given service, data on other Federal, State, and local funds is not collected.

CHILD CARE RECIPIENTS IN 2014

In FY 2014, 30 States reported approximately 3.6 million children receiving child care services paid for, in whole or in part, with SSBG funds.¹¹ (See table 3):

- California served the largest number of children (2,171,987).
- Four other States provided SSBG-funded child care services to more than 100,000 children—Florida (704,608), Illinois (173,633), Connecticut (109,172), and Texas (101,973).
- Another six States reported providing child care services to more than 20,000 children—Pennsylvania (92,275), Oklahoma (60,663), Arizona (42,230), Alabama (28,701), Missouri (25,113), and Utah (25,092).

CHILD CARE EXPENDITURE TRENDS: 2010–2014¹²

In the past five years, SSBG expenditures for child care decreased by 19% from approximately \$371 million in FY 2010 to approximately \$300 million in FY 2014. (See figure 2.) SSBG expenditures for child care reached a low of \$296 million in FY 2012. Expenditures then increased to \$307 million in FY 2013 before lowering to their FY 2014 level. The number of States expending SSBG funds on child care has also decreased from 37 States in FY 2010 to 31 States in FY 2013 and FY 2014.

TANF transfer funds have consistently comprised nearly three out of every four dollars in SSBG expenditures used to support the provision of child care. Between FY 2010 and FY 2014, the percentage of TANF funds transferred ranged from 74% to 79% of all SSBG expenditures for child care.

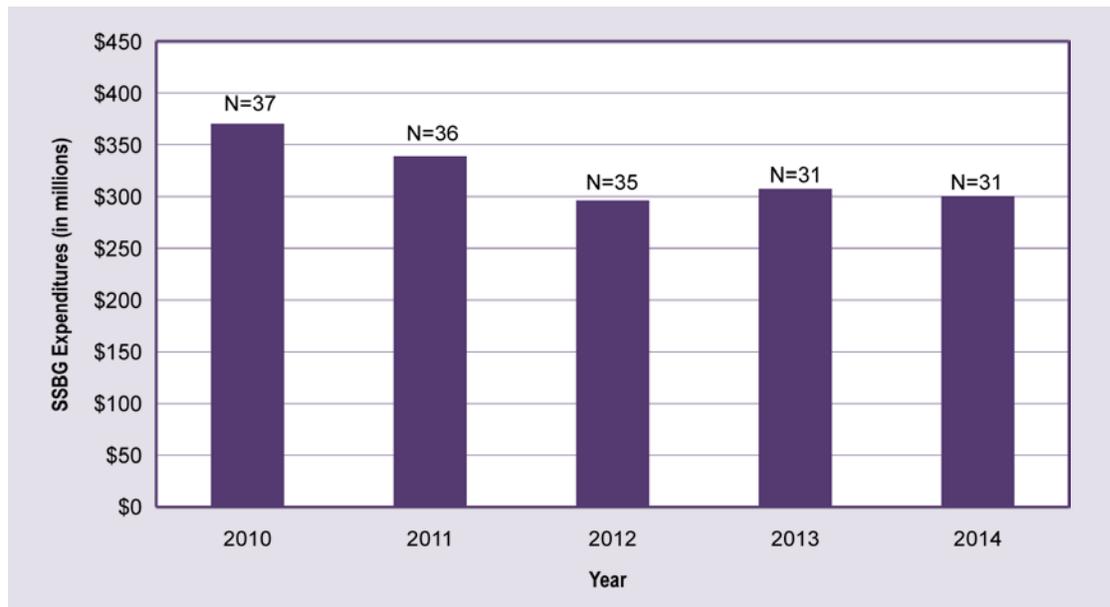
Between FY 2010 and FY 2014, SSBG expenditures for child care as a percentage of SSBG expenditures for all services ranged from a high of 13% in FY 2010 to a low of 10% in FY 2013. (See figure 3.)

The total number of child care recipients decreased by 11% in the last five years, from approximately 4.1 million in FY 2010 to approximately 3.6 million in FY 2014. (See figure 4.) During this time, recipient numbers decreased to approximately 3.7 million in FY 2012 before increasing slightly to 3.8 million in FY 2013. Recipient numbers then decreased again to their FY 2014 level.

¹¹ Nebraska reported \$171,063 in expenditures for child care in order that child care providers could qualify for the USDA Food Program subsidy. The State did not report recipient numbers for this service.

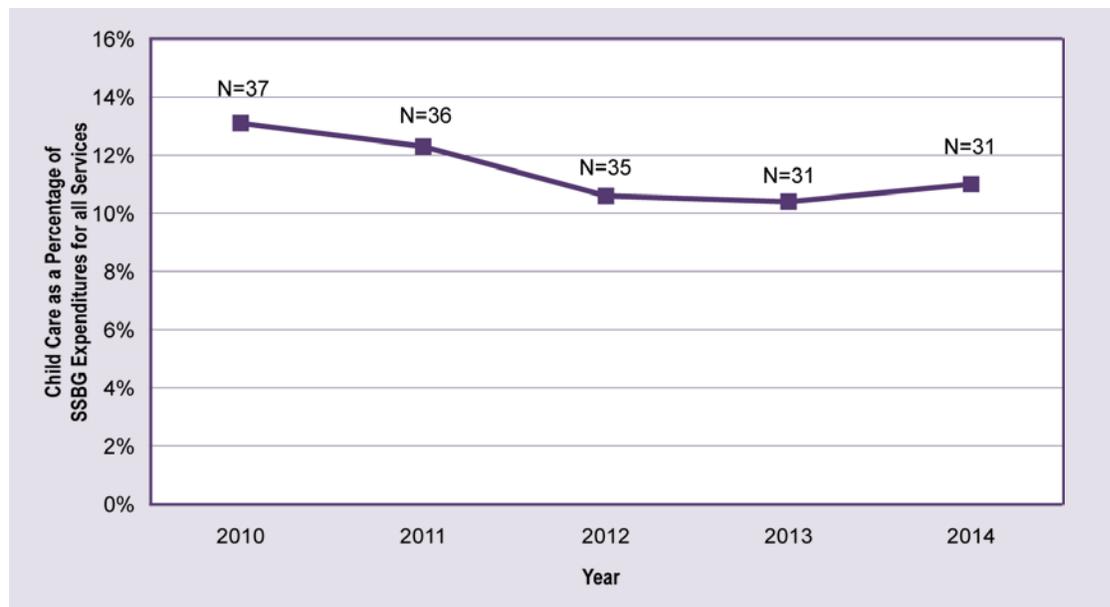
¹² Between the time SSBG Annual Reports are produced and the production of the SSBG Focus Reports, some States may update their expenditures data. As a result, some estimates may differ slightly between SSBG Annual Reports and SSBG Focus Reports.

Figure 2
SSBG Expenditures for Child Care Services, 2010-2014



N = Number of States reporting expenditures and recipients for child care services

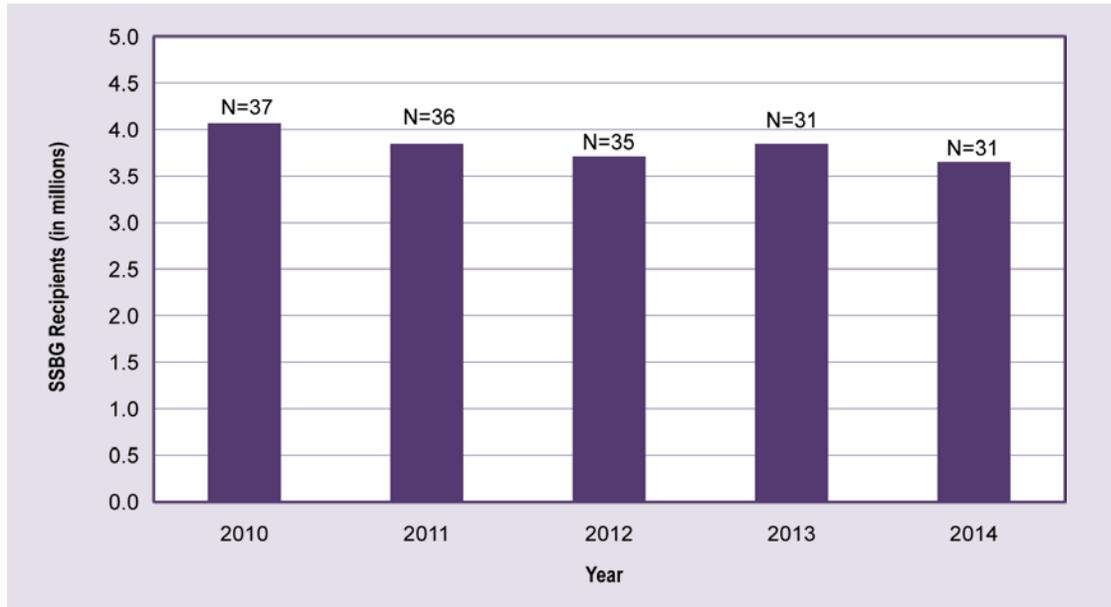
Figure 3
SSBG Expenditures for Child Care Services as a Percentage of All SSBG Expenditures, 2010-2014



N = Number of States reporting expenditures and recipients for child care services

Figure 4

Child Recipients of Child Care Services Funded by SSBG, 2010-2014



N = Number of States reporting expenditures and recipients for child care services

SUMMARY

In FY 2014, 31 States spent approximately \$300 million on SSBG-funded child care services that benefitted approximately 3.6 million children. TANF transfer funds accounted for \$237 million (79%) of the reported SSBG expenditures. Rhode Island reported 70% of its SSBG expenditures were used for child care services, while California accounted for more than two out of every three dollars (69%) in SSBG expenditures for child care. California reported over 2 million recipients of SSBG-funded child care, while four other States each reported over 100,000 recipients. The child care service category accounted for the third largest percentage of SSBG expenditures of all 29 SSBG service categories in FY 2014. However, States used SSBG funds to augment other sources of funding for child care, with the majority of total expenditures for child care coming from other Federal, State, and local funds (92%).

Between FY 2010 and FY 2014, SSBG expenditures for child care decreased by 19% and the number of recipients decreased by 11%. During this time period, the number of States reporting SSBG expenditures for child care decreased from 37 to 31.

Table 1
SSBG Expenditures for Child Care, 2014

State	SSBG Allocation for Child Care	TANF Transfer for Child Care	SSBG Expenditures for Child Care	SSBG Expenditures for All Services	TANF Transfer as a Percentage of All SSBG Expenditures for Child Care	Child Care as a Percentage of All SSBG Expenditures
Alabama	\$ 500,000	\$ 0	\$ 500,000	\$ 32,368,941	0%	2%
Alaska	\$ 0	\$ 0	\$ 0	\$ 8,165,125	0%	0%
Arizona	\$ 326,165	\$ 0	\$ 326,165	\$ 47,646,268	0%	1%
Arkansas	\$ 75,981	\$ 0	\$ 75,981	\$ 15,535,089	0%	<1%
California	\$ 34,022,085	\$ 173,566,000	\$ 207,588,085	\$ 557,522,606	84%	37%
Colorado	\$ 100,000	\$ 767,724	\$ 867,724	\$ 26,586,908	88%	3%
Connecticut	\$ 666,791	\$ 15,704,080	\$ 16,370,871	\$ 44,560,056	96%	37%
Delaware	\$ 755,485	\$ 0	\$ 755,485	\$ 4,032,236	0%	19%
District of Columbia	\$ 219,784	\$ 0	\$ 219,784	\$ 7,884,211	0%	3%
Florida	\$ 3,099,388	\$ 0	\$ 3,099,388	\$ 154,695,300	0%	2%
Georgia	\$ 0	\$ 0	\$ 0	\$ 51,216,934	0%	0%
Hawaii	\$ 0	\$ 0	\$ 0	\$ 15,399,256	0%	0%
Idaho	\$ 8,246	\$ 0	\$ 8,246	\$ 9,343,423	0%	<1%
Illinois	\$ 0	\$ 1,200,000	\$ 1,200,000	\$ 65,132,779	100%	2%
Indiana	\$ 0	\$ 0	\$ 0	\$ 33,614,285	0%	0%
Iowa	\$ 0	\$ 0	\$ 0	\$ 27,904,395	0%	0%
Kansas	\$ 188,654	\$ 0	\$ 188,654	\$ 24,506,998	0%	1%
Kentucky	\$ 0	\$ 0	\$ 0	\$ 19,734,503	0%	0%
Louisiana	\$ 0	\$ 0	\$ 0	\$ 35,731,931	0%	0%
Maine	\$ 0	\$ 0	\$ 0	\$ 13,655,153	0%	0%
Maryland	\$ 0	\$ 0	\$ 0	\$ 52,317,915	0%	0%
Massachusetts	\$ 25,000	\$ 0	\$ 25,000	\$ 78,876,886	0%	<1%
Michigan	\$ 0	\$ 0	\$ 0	\$ 126,927,389	0%	0%
Minnesota	\$ 0	\$ 0	\$ 0	\$ 30,475,752	0%	0%
Mississippi	\$ 0	\$ 0	\$ 0	\$ 23,593,930	0%	0%
Missouri	\$ 5,048,685	\$ 0	\$ 5,048,685	\$ 51,794,070	0%	10%
Montana	\$ 0	\$ 0	\$ 0	\$ 6,753,035	0%	0%
Nebraska	\$ 171,063	\$ 0	\$ 171,063	\$ 9,272,988	0%	2%
Nevada	\$ 0	\$ 0	\$ 0	\$ 14,201,244	0%	0%
New Hampshire	\$ 0	\$ 0	\$ 0	\$ 7,922,127	0%	0%
New Jersey	\$ 377	\$ 3,054	\$ 3,431	\$ 56,376,203	89%	<1%
New Mexico	\$ 0	\$ 0	\$ 0	\$ 10,422,479	0%	0%
New York	\$ 8,519,260	\$ 0	\$ 8,519,260	\$ 289,618,126	0%	3%
North Carolina	\$ 0	\$ 0	\$ 0	\$ 55,707,530	0%	0%
North Dakota	\$ 0	\$ 0	\$ 0	\$ 3,496,392	0%	0%
Ohio	\$ 416,972	\$ 1,684,232	\$ 2,101,204	\$ 115,563,561	80%	2%
Oklahoma	\$ 70,000	\$ 0	\$ 70,000	\$ 33,592,712	0%	<1%
Oregon	\$ 0	\$ 0	\$ 0	\$ 22,261,010	0%	0%
Pennsylvania	\$ 0	\$ 29,460,863	\$ 29,460,863	\$ 93,716,176	100%	31%
Puerto Rico	\$ 0	\$ 0	\$ 0	\$ 12,453,750	0%	0%
Rhode Island	\$ 786,702	\$ 9,059,250	\$ 9,845,952	\$ 13,972,052	92%	70%
South Carolina	\$ 35,081	\$ 0	\$ 35,081	\$ 22,389,238	0%	<1%
South Dakota	\$ 0	\$ 10,000	\$ 10,000	\$ 8,403,077	100%	<1%
Tennessee	\$ 6,236,702	\$ 0	\$ 6,236,702	\$ 30,167,609	0%	21%
Texas	\$ 0	\$ 2,000,000	\$ 2,000,000	\$ 172,948,971	100%	1%
Utah	\$ 15,000	\$ 0	\$ 15,000	\$ 23,604,871	0%	<1%
Vermont	\$ 272,603	\$ 3,600,000	\$ 3,872,603	\$ 8,180,876	93%	47%
Virginia	\$ 0	\$ 0	\$ 0	\$ 56,734,381	0%	0%
Washington	\$ 952,589	\$ 0	\$ 952,589	\$ 39,700,826	0%	2%
West Virginia	\$ 12,307	\$ 0	\$ 12,307	\$ 20,290,060	0%	<1%
Wisconsin	\$ 104,934	\$ 67,241	\$ 172,175	\$ 44,060,881	39%	<1%
Wyoming	\$ 4,547	\$ 2,170	\$ 6,717	\$ 4,656,590	32%	<1%
TOTAL	\$ 62,634,401	\$ 237,124,614	\$ 299,759,015	\$ 2,735,689,104	79%	11%

Table 2
Total Expenditures for Child Care, 2014

State	SSBG Expenditures for Child Care	Other Federal, State, and Local Funds for Child Care ¹	Total Expenditures for Child Care	SSBG Expenditures as a Percentage of Total Expenditures for Child Care
Alabama	\$ 500,000	\$ 93,426,852	\$ 93,926,852	1%
Alaska	\$ 0	\$ 0	\$ 0	0%
Arizona	\$ 326,165	\$ 98,905,534	\$ 99,231,699	<1%
Arkansas	\$ 75,981	\$ 451,809	\$ 527,790	14%
California	\$ 207,588,085	\$ 511,346,517	\$ 718,934,602	29%
Colorado	\$ 867,724	\$ 80,699,041	\$ 81,566,765	1%
Connecticut	\$ 16,370,871	\$ 20,403,864	\$ 36,774,735	45%
Delaware	\$ 755,485	\$ 0	\$ 755,485	100%
District of Columbia	\$ 219,784	\$ 81,580,400	\$ 81,800,184	<1%
Florida	\$ 3,099,388	\$ 7,230,987	\$ 10,330,375	30%
Georgia	\$ 0	\$ 0	\$ 0	0%
Hawaii	\$ 0	\$ 0	\$ 0	0%
Idaho	\$ 8,246	\$ 25,804,037	\$ 25,812,283	<1%
Illinois	\$ 1,200,000	\$ 884,082,604	\$ 885,282,604	<1%
Indiana	\$ 0	\$ 0	\$ 0	0%
Iowa	\$ 0	\$ 0	\$ 0	0%
Kansas	\$ 188,654	\$ 54,670,048	\$ 54,858,702	<1%
Kentucky	\$ 0	\$ 0	\$ 0	0%
Louisiana	\$ 0	\$ 0	\$ 0	0%
Maine	\$ 0	\$ 0	\$ 0	0%
Maryland	\$ 0	\$ 0	\$ 0	0%
Massachusetts	\$ 25,000	\$ 0	\$ 25,000	100%
Michigan	\$ 0	\$ 0	\$ 0	0%
Minnesota	\$ 0	\$ 0	\$ 0	0%
Mississippi	\$ 0	\$ 0	\$ 0	0%
Missouri	\$ 5,048,685	\$ 144,566,437	\$ 149,615,122	3%
Montana	\$ 0	\$ 0	\$ 0	0%
Nebraska	\$ 171,063	\$ 0	\$ 171,063	100%
Nevada	\$ 0	\$ 0	\$ 0	0%
New Hampshire	\$ 0	\$ 0	\$ 0	0%
New Jersey	\$ 3,431	\$ 14,653	\$ 18,084	19%
New Mexico	\$ 0	\$ 0	\$ 0	0%
New York	\$ 8,519,260	\$ 58,602,669	\$ 67,121,929	13%
North Carolina	\$ 0	\$ 0	\$ 0	0%
North Dakota	\$ 0	\$ 0	\$ 0	0%
Ohio	\$ 2,101,204	\$ 0	\$ 2,101,204	100%
Oklahoma	\$ 70,000	\$ 124,999,338	\$ 125,069,338	<1%
Oregon	\$ 0	\$ 0	\$ 0	0%
Pennsylvania	\$ 29,460,863	\$ 341,221,039	\$ 370,681,902	8%
Puerto Rico	\$ 0	\$ 0	\$ 0	0%
Rhode Island	\$ 9,845,952	\$ 39,718,959	\$ 49,564,911	20%
South Carolina	\$ 35,081	\$ 0	\$ 35,081	100%
South Dakota	\$ 10,000	\$ 11,690,070	\$ 11,700,070	<1%
Tennessee	\$ 6,236,702	\$ 142,637,393	\$ 148,874,095	4%
Texas	\$ 2,000,000	\$ 517,206,458	\$ 519,206,458	<1%
Utah	\$ 15,000	\$ 43,952,857	\$ 43,967,857	<1%
Vermont	\$ 3,872,603	\$ 912,404	\$ 4,785,007	81%
Virginia	\$ 0	\$ 0	\$ 0	0%
Washington	\$ 952,589	\$ 5,975,009	\$ 6,927,598	14%
West Virginia	\$ 12,307	\$ 48,904,586	\$ 48,916,893	<1%
Wisconsin	\$ 172,175	\$ 2,375,507	\$ 2,547,682	7%
Wyoming	\$ 6,717	\$ 21,021	\$ 27,738	24%
TOTAL	\$ 299,759,015	\$ 3,341,400,093	\$ 3,641,159,108	8%

¹ States self-report the total amount of other Federal, State, and local funds spent for each service supported with SSBG expenditures. State data on other Federal, State, and local funds is not validated through a thirdparty data source. If States do not report SSBG expenditures for a given service, data on other Federal, State, and local funds is not collected.

Table 3
SSBG Child Recipients of Child Care, 2014

State	Child Recipients of Child Care Services ¹
Alabama	28,701
Alaska	0
Arizona	42,230
Arkansas	320
California	2,171,987
Colorado	19,076
Connecticut ²	109,172
Delaware	2,083
District of Columbia	17,150
Florida	704,608
Georgia	0
Hawaii	0
Idaho	11,892
Illinois	173,633
Indiana	0
Iowa	0
Kansas	14,429
Kentucky	0
Louisiana	0
Maine	0
Maryland	0
Massachusetts	4
Michigan	0
Minnesota	0
Mississippi	0
Missouri	25,113
Montana	0
Nebraska ³	0
Nevada	0
New Hampshire	0
New Jersey	262
New Mexico	0
New York	1,308
North Carolina	0
North Dakota	0
Ohio	3,843
Oklahoma	60,663
Oregon	0
Pennsylvania	92,275
Puerto Rico	0
Rhode Island	7,077
South Carolina	37
South Dakota	11,500
Tennessee	4,446
Texas	101,973
Utah	25,092
Vermont	203
Virginia	0
Washington	4,267
West Virginia	11,468
Wisconsin	260
Wyoming	49
TOTAL	3,645,121

¹ The age of child recipients is defined by each State, but usually refers to individuals younger than 18 years.

² In addition to the numbers shown, Connecticut reported 3,653 adults as recipients of child care in 2014. These adults may have been family members of child care recipients who received related services.

³ Nebraska reported \$171,063 in expenditures for child care in order that child care providers could qualify for the USDA Food Program subsidy. The State did not report recipient numbers for this service.

This report was prepared for the Office of Community Services, Administration for Children and Families, U.S. Department of Health and Human Services by WRMA, Inc., a TriMetrix Company, under contract #GS10F0297L. Information about the Social Services Block Grant (SSBG) program is available at <http://www.acf.hhs.gov/programs/ocs/programs/ssbg>.

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