THE HISTORY OF CCDBG

Established in 1991, the Child Care and Development Block Grant (CCDBG) is the primary federal grant program that provides child care assistance for families in need. CCDBG is administered to states in block grants. States use the program to subsidize child care for working families with low incomes. Most of this assistance is administered through vouchers or certificates, which can be used by parents to select the high-quality provider or program that works best for their family.

Congress reauthorized CCDBG in 2014 with overwhelming bipartisan support. The CCDBG Act of 2014 improved child care health and safety standards, and provided funding to help make quality child care available to more families with low incomes. The 2014 law also mandated that states meet new requirements on comprehensive criminal background checks and disaster preparedness/response planning, among other critical improvements.

A JOB NOT FINISHED

Despite the reauthorization, Congress failed to provide sufficient funding to help states make quality child care available to millions of families that need it. Today, states use resources from other federal funding streams, including Temporary Assistance for Needy Families (TANF), to ensure families don’t lose critical access to child care.

The lack of adequate funding has hampered states’ ability to provide quality child care to working families. Currently, only 1 in 6 families who qualify for child care assistance receive it.

States continue to request and receive waivers from the Administration for Children and Families (ACF) to delay implementation of the new requirements, particularly background checks. Additionally, FY2016 saw the lowest number of children served by the grant in nearly 20 years.
WHY CCDBG MATTERS IN MINNESOTA

In Minnesota, only 16.3 percent of family child care and 23 percent of center-based provider rates are fully covered by current reimbursement levels. This is primarily because rates have not been increased since 2014, based on the 2011 Market Rate Survey. This means the vast majority of providers accepting children on subsidy must cover the remaining cost some other way—often operating at a loss. When providers are unable to cover these costs, it results in fewer child care opportunities for families.

For FY 2020-2021, Governor Walz is proposing to increase reimbursement rates using the current total increase of $59.8 million in federal CCDBG funds. The governor’s proposal raises rates to be greater than 25 percent of the 2018 market rate or the rates in place at the time of the update.

While higher maximum rates may increase families’ access to high-quality care, it will still leave many providers well below the amount they need in order to offer and sustain quality care. With more CCDBG funding, the rates could be increased to a level that would better serve both families and providers in Minnesota. There is also a need to expand access to the state’s subsidy program since there are still nearly 2,000 families on the waiting list. Additional CCDBG funds could be used to help more families access this program.

HOW CONGRESS CAN HELP IN 2019

CCDBG remains underfunded, despite the funding increase in FY 2019 of $2.4 billion. While this funding allowed states to begin the intense work of revising their child care systems to help thousands of children and families gain access to high-quality care, it did not fully meet the critical need for high-quality child care.

In fact, even with CCDBG’s historic increase, federal funding for child care is still $1 billion less than FY2001 levels, when adjusted for inflation.

Given the population growth since 2001, it is clear that states still do not have enough funding to meet the needs of families.

For this reason, we ask that Congress increase CCDBG funding by an additional $5 billion in FY2020. This will help states meet the 2014 requirements and increase the number of children served.