We ask that Congress increase CCDBG funding by an additional $5 billion in FY2020, in order to help states meet the 2014 requirements and increase the number of children served by the grant.

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 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 and 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, FY2017 saw the lowest number of children served by the grant in nearly 20 years.
WHY CCDBG MATTERS IN KENTUCKY

In FY2018, Kentucky received a historic $42.8 million increase in CCDBG discretionary funds. This funding was crucial to allowing the state to increase the exit eligibility limit for families already receiving child care assistance from 165 percent of the poverty level to 200 percent. It will also enable the state to allow students enrolled in post-secondary school or job training to be eligible for child care assistance without having to meet a separate work requirement. In addition, CCDBG funds can now be used for foster children.

While these are all steps forward for Kentucky, more CCDBG funding is still needed in order to expand child care access and support child care providers. While the state was able to increase provider reimbursement rates to at least the 40th percentile of market rates, this remains far below the federally recommended level of the 75th percentile. Reimbursement rates are crucial for providers serving families on the subsidy since providers have to find a way to cover the remaining cost, often operating at a loss or choosing not to serve families on subsidy altogether. Raising reimbursement rates increases the supply of quality child care for working families in Kentucky.

In addition, low child care worker wages results in high turnover in Kentucky, hurting all families in need of child care. Currently, the average annual income for child care workers in Kentucky is $20,690. Not only is this below the national average, but this puts providers below 200 percent of the federal poverty level and at just 138 percent of federal poverty level if they have a child. This means even child care workers themselves often qualify for subsidy. More CCDBG funding is needed in order to invest in and retain a qualified child care workforce.

HOW CONGRESS CAN HELP IN 2019

CCDBG remains underfunded, despite the funding increase in FY 2018 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.