

# Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2018

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*Of the 12.8 million children eligible for child care subsidies in 2018, 15 percent received subsidies.*

## Overview and funding

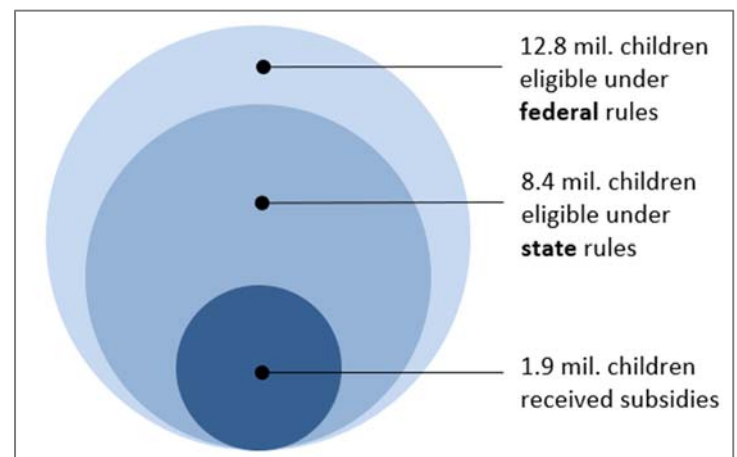
Child care subsidies help parents pay for child care so parents can work or participate in education and training activities. The federal government and states spent \$10.3 billion<sup>1</sup> to subsidize child care for low-income working families in 2018. Roughly two-thirds of this funding was from the Child Care and Development Fund (CCDF) while the remaining one-third came from other government funding streams related to Temporary Assistance for Needy Families (TANF) and the Social Services Block Grant. CCDF and TANF include both federal and state funding.

## Who is eligible for child care subsidies?

Under **federal rules**, 12.8 million children were eligible for child care subsidies in an average month in 2018 (Figure 1);<sup>2</sup> this number is updated by the office of the Assistant Secretary for Planning and Evaluation (ASPE) annually. That represents 24 percent of the total 52.9 million children who are ages 0 through 12. Federal eligibility rules are:

- The child must be under age 13 (if the child has special needs, the child must be younger than 19).
- The child's family income must be less than 85 percent of the state median income (SMI) for a family of the same size in a given state.<sup>3,4</sup> In FY 2018, 85 percent of average SMI for three-person families was \$58,004.
- The child's parents must be working, searching for work, or participating in education or training activities.<sup>5</sup>

**Figure 1: Number of children eligible under federal and state rules and number receiving subsidies**



Under **state rules**, 8.4 million children were eligible for subsidies. That represents 16 percent of the total 52.9 million children who are ages 0 through 12, and 66 percent of children eligible under federal rules. States have flexibility within the federal CCDF eligibility parameters to set income eligibility thresholds, co-payment fees, maximum reimbursement rates to

<sup>1</sup> The estimated \$10.3 billion includes: expenditures on direct child care services of \$6.9 billion in federal and state CCDF funds; \$1.5 billion in TANF funding spent directly on child care services; \$1.6 billion in "excess TANF MOE"; and \$0.3 billion in Social Services Block Grant expenditures related to child care. Some states spend additional amounts for child care, beyond match and maintenance and effort requirements, that are not reported to the federal government and therefore not reflected in these amounts. While the FY 2018 CCDF appropriation provided a significant funding increase mid-way through the fiscal year, most of these increased funds were not spent in FY 2018 but were spent in later years.

<sup>2</sup> The eligibility estimates were produced using the Transfer Income Model (TRIM), a micro-simulation model developed and maintained by the Urban Institute under contract with ASPE. TRIM is based on the Annual Social and Economic Supplement of the Current Population Survey (CPS-ASEC). TRIM compares family income and work status data from the CPS against CCDF rules to generate estimates of children and families eligible for subsidies.

<sup>3</sup> States have flexibility to decide what family income is countable for purposes of determining a child's eligibility. For example, states could disregard TANF payments or exclude income from some adult family members (e.g., an adult sibling or an aunt). As a result, some states may serve children in families with unadjusted incomes greater than 85 percent of the state median income, as defined in this factsheet. Families must also pass an assets test (\$1 million).

<sup>4</sup> State median incomes: <https://www.acf.hhs.gov/ocs/policy-guidance/liheap-im-2017-3-state-median-income-estimates-optional-use-fy-2017-liheap>.

<sup>5</sup> For this eligibility estimate, "working" is defined as employed one hour or more in a month. The majority (94 percent) of federally-eligible children come from families where the single parent or both parents were employed at least 20 hours per week or were in school/training activities. Job search eligibility is

providers, and other criteria.<sup>6</sup> Based on state rules, the average income eligibility limit (for initial service receipt) for a three-person family across all states and D.C. was \$38,882, equivalent on average to 57 percent of the SMI for three-person families.<sup>7</sup>

### The number of eligible children decreased from 2017 to 2018

Under state rules, 8.7 million children were eligible in 2017 compared to 8.4 million in 2018. Under federal rules, 13.5 million children were eligible in 2017 compared to 12.8 million in 2018. The decrease in the eligible population is explained by demographic changes related to eligibility in the U.S. population (rather than the result of changes in eligibility rules). For example, economic conditions for families improved from 2017 to 2018, with the child poverty rate falling from 17.4 percent to 16.2 percent.<sup>8</sup>

### Among children who are federally eligible, who is most likely to receive subsidies?

An estimated 1.9 million children<sup>9</sup> received subsidies through CCDF or related government funding streams<sup>10</sup> in an average month in fiscal year 2018 (see Figure 1), almost unchanged from 2017. The 1.9 million served in 2018 is equal to 15 percent of all children eligible under federal rules and 23 percent of all children eligible under state rules.

**Poorer children were more likely to receive subsidies compared to less-poor children, among all children who were federally eligible** (see Figure 2). For example, 53 percent of eligible 4-year-old children with family incomes below the poverty line received subsidies, while only 17 percent with family incomes between 150 and 199 percent of poverty received subsidies.

**Younger children ages 1 through 5 were more likely to receive subsidies compared to older, school-age children.** For example, 56 percent of 3-year-old children with family incomes below the poverty line received subsidies, while 26 percent of 6-to-9-year-old children with family incomes below the poverty line received subsidies.

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simplified in this model as three months of continued eligibility for families who—just prior to the period of job search—were receiving CCDF assistance.

<sup>6</sup> Tran, Dwyer, and Minton. (2019). *Key Cross-State Variations in CCDF Policies as of October 1, 2018: The CCDF Policies Database Book of Tables*.

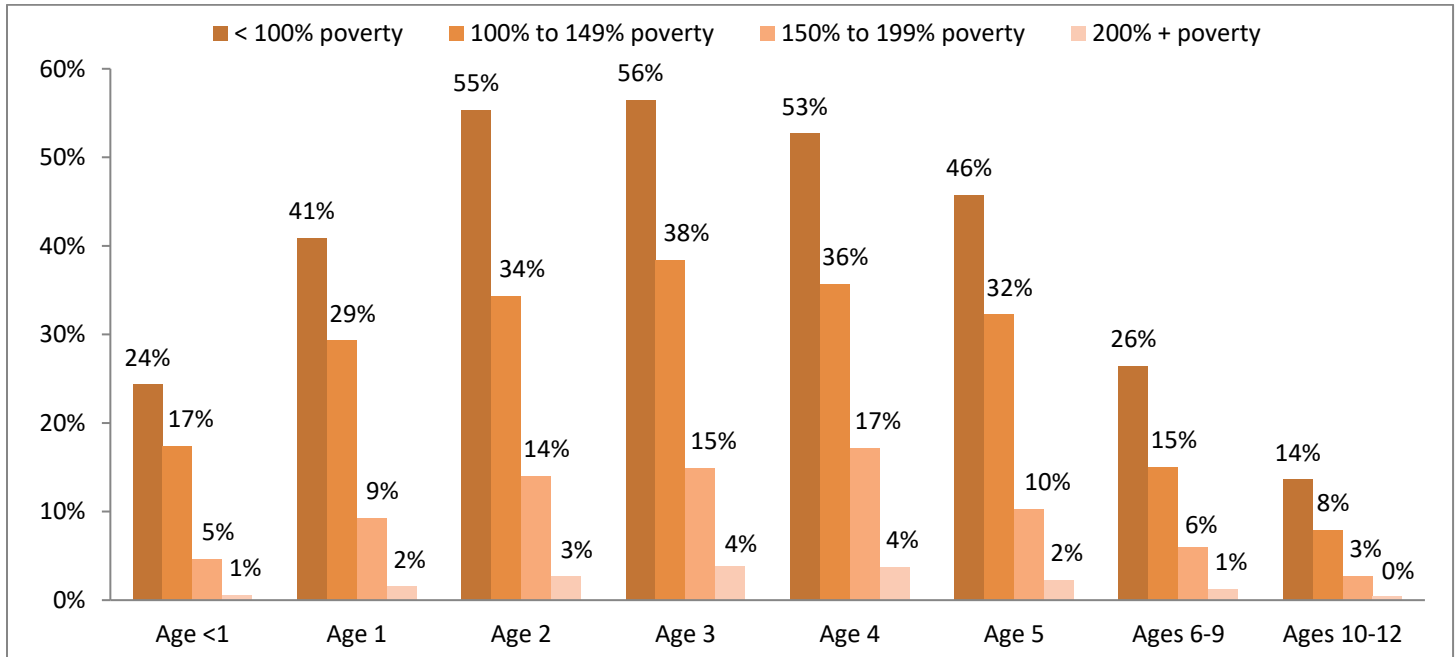
<sup>7</sup> The range of income eligibility limits is based on data as of October 1, 2018.

<sup>8</sup> For the change in child poverty from 2017 to 2018, see “Income and Poverty in the United States: 2018.” Available from the U.S. Census Bureau <https://www.census.gov/library/publications/2019/demo/p60-266.html>.

<sup>9</sup> This estimate of receipt excludes about 5,700 children served in U.S. territories, as well as children served through subsidies administered solely by Indian reservations/tribes.

<sup>10</sup> TANF funding spent directly on child care services; “excess TANF MOE”; and Social Services Block Grant expenditures related to child care.

Figure 2: Percent of federally-eligible children receiving subsidies, for each age and income group

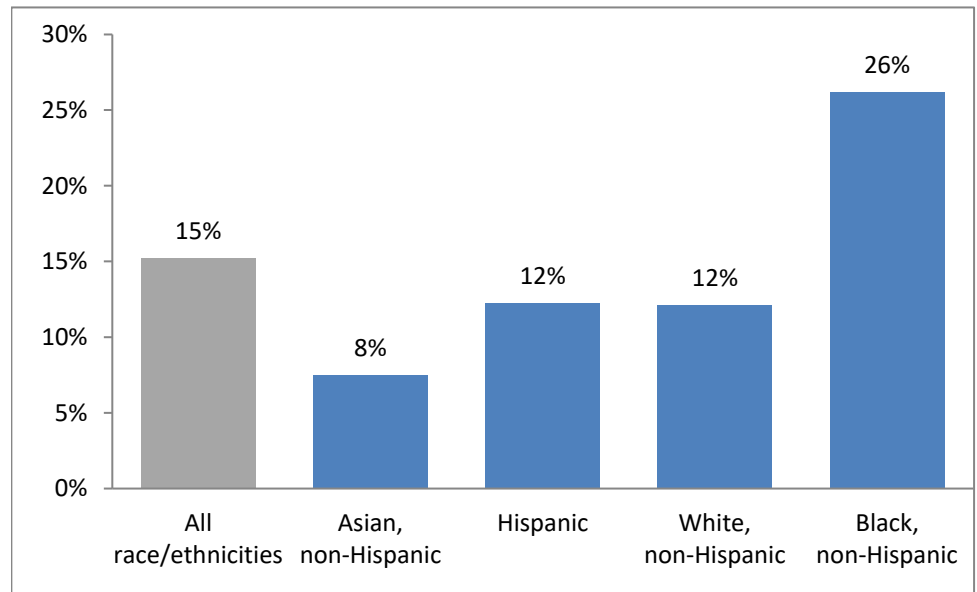


Note: Poverty figures are based on 2018 poverty thresholds published by the U.S. Census Bureau. For families with one adult and two children, 150 percent of poverty is \$30,347 (\$2,529 monthly).

**Black non-Hispanic children who were federally-eligible for subsidies were more likely to receive subsidies, compared to children of other races and ethnicities who were eligible** (see Figure 3). Twenty-six percent of eligible Black non-Hispanic children received subsidies, compared to 8 percent of eligible Asian non-Hispanic children, 12 percent of eligible Hispanic children, and 12 percent of eligible White non-Hispanic children.

Reports for prior years can be found at: <https://aspe.hhs.gov/estimates-child-care-eligibility-and-receipt>

Figure 3. Percent of federally-eligible children receiving subsidies, for each race/ethnic group



## Appendix Table:

## Number of Children Potentially Eligible for Child care Subsidies by State, Two-Year Average Monthly Estimates, Calendar Year 2017-2018

State	Children Potentially Eligible Under Federal Parameters (Family Incomes < 85% SMI)			Children Eligible Under State-Defined Rules		
	Estimate	95% Confidence Interval, 2-Year Average (Low-High)		Estimate	95% Confidence Interval, 2-Year Average (Low-High)	
Alabama	176,770	141,130	212,420	92,820	66,500	119,140
Alaska	33,550	27,290	39,820	30,120	24,160	36,080
Arizona	243,910	199,030	288,800	176,510	138,010	215,010
Arkansas	122,540	98,430	146,660	91,730	70,970	112,500
California	1,446,610	1,336,620	1,556,600	1,411,220	1,302,830	1,519,610
Colorado	221,900	179,920	263,880	147,490	113,000	181,980
Connecticut	155,540	126,180	184,900	82,680	61,190	104,180
Delaware	47,170	38,940	55,400	33,700	26,640	40,760
DC	28,900	23,270	34,540	22,490	17,530	27,450
Florida	682,560	610,970	754,150	448,820	390,500	507,140
Georgia	506,350	444,970	567,720	268,040	223,080	313,000
Hawaii	45,410	35,590	55,240	32,470	24,120	40,820
Idaho	59,160	46,640	71,670	29,400	20,510	38,290
Illinois	481,340	420,590	542,100	287,120	239,770	334,470
Indiana	269,860	225,710	314,020	83,210	58,340	108,080
Iowa	150,140	122,780	177,500	55,500	38,620	72,380
Kansas	138,060	111,080	165,050	71,580	51,730	91,440
Kentucky	184,320	147,290	221,350	115,180	85,670	144,690
Louisiana	253,020	212,560	293,470	141,970	111,320	172,620
Maine	36,950	27,190	46,700	40,810	30,550	51,080
Maryland	301,450	254,270	348,630	160,660	127,090	194,230
Massachusetts	288,230	242,830	333,630	164,350	129,590	199,110
Michigan	353,770	303,540	403,990	136,680	105,270	168,090
Minnesota	292,370	246,090	338,640	146,390	113,350	179,430
Mississippi	147,310	121,820	172,800	132,930	108,910	156,940
Missouri	257,450	213,820	301,080	111,330	82,380	140,270
Montana	38,270	31,110	45,430	15,770	11,100	20,450
Nebraska	102,990	84,410	121,580	39,250	27,540	50,970
Nevada	120,060	95,790	144,330	90,940	69,180	112,710
New Hampshire	56,540	45,540	67,550	28,530	20,610	36,440
New Jersey	347,930	296,720	399,140	134,330	101,990	166,660
New Mexico	100,000	81,860	118,140	64,980	50,110	79,840
New York	754,780	677,980	831,570	475,280	413,820	536,740
North Carolina	445,730	387,740	503,720	385,050	331,180	438,920
North Dakota	37,660	31,220	44,110	26,220	20,830	31,620
Ohio	515,240	454,610	575,870	229,850	188,980	270,720
Oklahoma	183,830	148,330	219,330	135,230	104,470	165,990
Oregon	140,890	109,590	172,190	85,310	60,720	109,890
Pennsylvania	488,950	429,440	548,450	307,330	259,710	354,950
Rhode Island	42,820	34,020	51,620	19,160	13,120	25,210
South Carolina	185,480	149,340	221,620	122,820	93,020	152,620
South Dakota	36,130	29,000	43,270	18,080	13,010	23,150
Tennessee	229,860	189,340	270,370	135,620	104,440	166,800
Texas	1,243,130	1,140,310	1,345,950	1,089,580	993,120	1,186,030
Utah	110,040	90,460	129,620	58,300	43,780	72,810
Vermont	19,960	15,080	24,840	23,290	18,040	28,540
Virginia	306,660	257,960	355,370	138,340	105,300	171,380
Washington	293,260	245,490	341,040	190,090	151,210	228,970
West Virginia	56,580	43,240	69,920	27,890	18,460	37,320
Wisconsin	304,000	257,040	350,960	172,990	137,120	208,850
Wyoming	23,130	18,220	28,040	14,870	10,930	18,820

Source: CPS-ASEC data for calendar years 2017 and 2018 combined with estimates from TRIM3's modeling of CCDF eligibility.

These estimates include children ages 13 to 18 who receive SSI according to TRIM3's simulation of SSI.

Each eligibility estimate is the simple mean of a 2017-based and 2018-based estimate.