

Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2016

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Of the 13.3 million children eligible for child care subsidies in 2016, 15 percent received subsidies.

Overview and funding

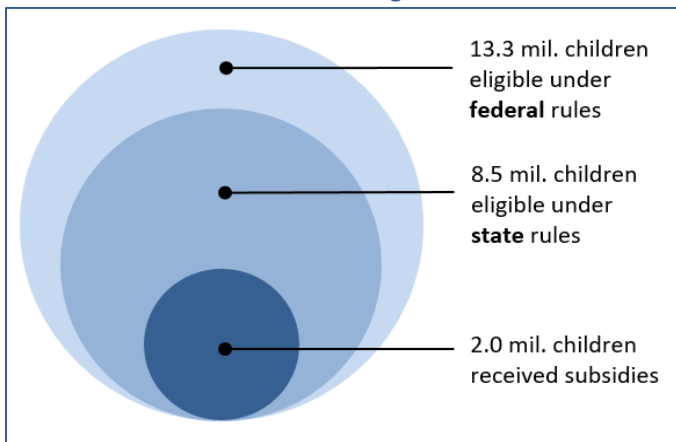
Child care subsidies help parents pay for child care so parents can work or participate in education and training activities. The federal government and states spent \$9.9 billion¹ to subsidize child care for low-income working families in 2016. Roughly two-thirds of this funding was from the Child Care 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**, 13.3 million children were eligible for child care subsidies in an average month in 2016 (Figure 1);² this number is updated by ASPE annually. That represents 25 percent of the total 53.2 million children in the age range served by CCDF. 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.^{3,4} In FY 2016, 85 percent of average SMI for three-person families was \$55,712.
- The child's parents must be working or participating in education or training activities.⁵

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



Under **state rules**, 8.5 million children were eligible for subsidies. 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. States have flexibility within the federal CCDF eligibility parameters to set income eligibility thresholds, co-payment fees, maximum reimbursement rates to providers, and other criteria.⁶ 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 \$36,635, equivalent on average to 56 percent of the SMI for three-person families.⁷

¹ The estimated \$9.9 billion includes: expenditures on direct child care services of \$6.7 billion in federal and state CCDF funds; \$1.3 billion in TANF funding spent directly on child care services; \$1.7 billion in "excess TANF MOE"; and \$0.3 billion in Social Services Block Grant expenditures related to child care.

² 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.

³ States are given broad flexibility in deciding 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.

⁴ State median income is based on estimates published for fiscal year 2016 in the Federal Register: June 10, 2015 (Volume 80, Number 111).

⁵ 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.

⁶ Minton, Blatt, Tran, Stevens & Giannarelli. (2017). *The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies October 1, 2016*.

⁷ The range of income eligibility limits is based on data as of October 1, 2016.

The number of eligible children changed very little from 2015 to 2016

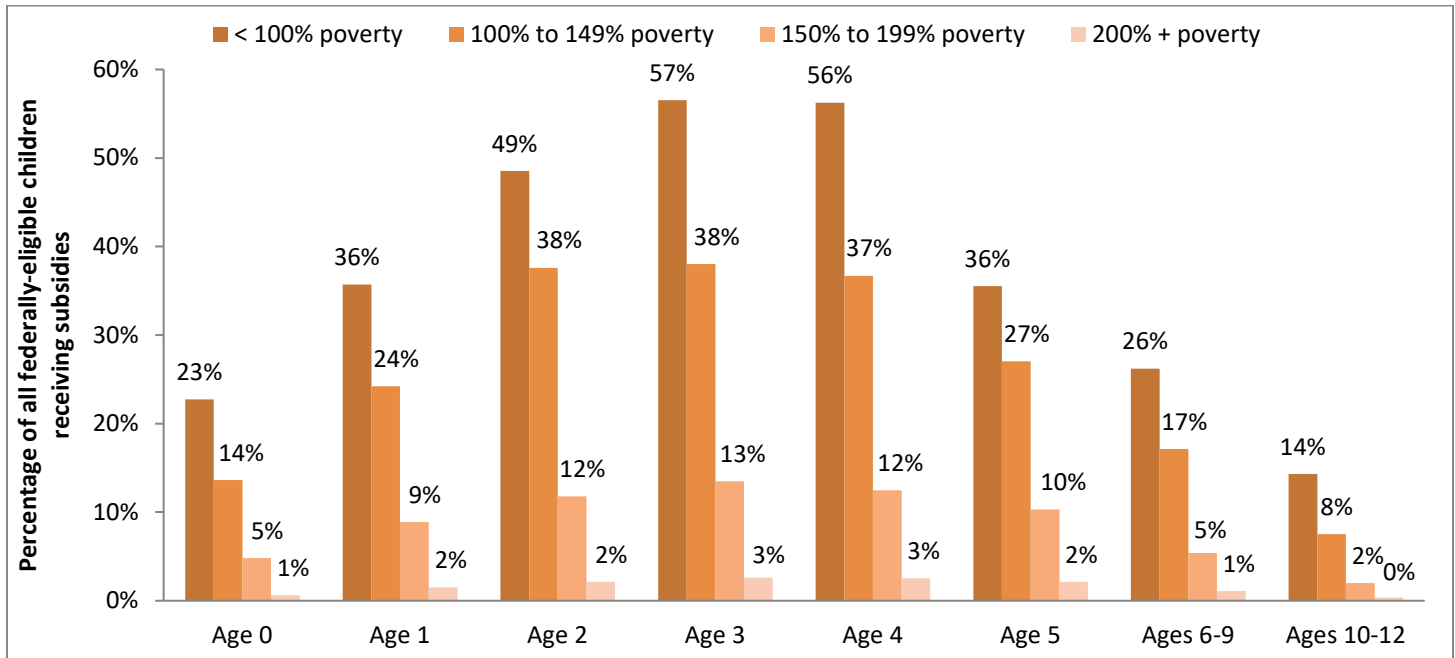
Under state rules, 8.4 million children were eligible in 2015 compared to 8.5 million in 2016. Under federal rules, 13.6 million children were eligible in 2015 compared to 13.3 million in 2016. Microsimulation suggests that state rules overall were slightly more generous in 2016 compared to 2015 (which increases the eligible population), but at the same time working families were less poor in 2016 compared to 2015 (this decreases the eligible population), thus resulting in a very small difference from 2015 to 2016 under state rules.

Who receives subsidies?

An estimated 2.0 million children⁸ received subsidies through CCDF or related government funding streams⁹ in an average month in fiscal year 2016 (see Figure 1), a reduction from 2.1 million in 2015. The 2.0 million served in 2016 is equal to 15 percent of all children eligible under federal rules and 24 percent of all children eligible under state rules.

Poorer children were more likely to receive subsidies compared to less-poor children (see Figure 2), among all children who were federally eligible. For example, 56 percent of 4-year-old children with family incomes below the poverty line received subsidies, while only 12 percent with family incomes between 150 and 199 percent of poverty received subsidies. Preschool-aged children were also more likely to receive subsidies compared to older, school-age children. For example, 57 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.

Figure 2: Percent of federally-eligible children actually receiving subsidies, by age and by income



Note: Poverty figures are based on 2016 poverty thresholds published by the U.S. Census Bureau. For families with one adult and two children, 150 percent of poverty is \$29,006 (\$2,417 monthly).

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

⁸ This estimate of receipt excludes about 8,300 children served in U.S. territories, as well as children served through subsidies administered solely by Indian reservations/tribes.

⁹ TANF funding spent directly on child care services; "excess TANF MOE"; and Social Services Block Grant expenditures related to child care.

Appendix Table:

Number of Children Potentially Eligible for Child care Subsidies by State, Two-Year Average Monthly Estimates, Calendar Year 2015-2016

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	172,030	133,180	210,880	91,250	62,910	119,580
Alaska	33,730	26,780	40,670	25,640	19,640	31,630
Arizona	254,270	204,300	304,230	171,450	130,370	212,540
Arkansas	107,550	82,760	132,340	65,650	46,190	85,120
California	1,488,070	1,364,910	1,611,220	1,189,310	1,080,060	1,298,550
Colorado	218,700	172,980	264,420	109,720	77,160	142,290
Connecticut	177,040	142,740	211,340	115,950	88,020	143,870
Delaware	46,690	37,710	55,660	31,880	24,490	39,270
DC	27,290	21,130	33,460	23,610	18,010	29,200
Florida	728,180	646,780	809,570	483,410	417,440	549,370
Georgia	497,920	430,980	564,860	260,050	211,520	308,590
Hawaii	61,610	49,250	73,980	44,790	34,200	55,370
I Idaho	70,590	55,430	85,760	32,260	22,030	42,490
Illinois	564,020	492,040	636,000	203,500	161,220	245,770
Indiana	296,680	246,320	347,040	124,560	91,720	157,390
Iowa	157,980	127,120	188,840	43,900	27,490	60,310
Kansas	137,970	107,570	168,370	77,780	55,390	100,170
Kentucky	176,530	137,130	215,930	94,090	65,240	122,930
Louisiana	232,720	190,030	275,400	127,310	95,550	159,080
Maine	38,120	27,070	49,170	39,550	28,550	50,560
Maryland	276,480	226,960	325,990	93,930	64,640	123,210
Massachusetts	279,360	230,470	328,240	158,670	121,550	195,800
Michigan	398,830	339,600	458,070	153,200	116,400	189,990
Minnesota	228,600	183,480	273,710	103,150	72,740	133,560
Mississippi	138,360	111,190	165,530	108,810	84,630	132,990
Missouri	266,130	217,880	314,370	97,940	68,260	127,620
Montana	41,230	32,940	49,520	20,700	14,830	26,570
Nebraska	109,380	88,500	130,260	41,090	28,120	54,060
Nevada	107,710	81,930	133,490	118,550	91,940	145,170
New Hampshire	48,080	36,940	59,220	34,850	25,370	44,320
New Jersey	386,540	327,550	445,530	174,000	134,180	213,820
New Mexico	95,160	75,660	114,660	62,050	46,310	77,800
New York	780,800	695,550	866,060	570,310	497,300	643,320
North Carolina	397,080	336,330	457,840	356,590	299,330	413,850
North Dakota	36,060	29,210	42,910	31,550	25,140	37,950
Ohio	531,440	463,890	598,990	253,130	206,210	300,040
Oklahoma	152,920	117,020	188,830	115,220	84,300	146,140
Oregon	147,240	111,780	182,700	97,210	68,550	125,870
Pennsylvania	493,390	427,990	558,780	295,640	244,750	346,540
Rhode Island	37,260	28,220	46,290	20,360	13,630	27,080
South Carolina	183,850	143,740	223,970	123,030	90,810	155,250
South Dakota	42,650	34,100	51,200	24,360	17,880	30,850
Tennessee	264,010	216,530	311,500	142,200	107,020	177,390
Texas	1,320,580	1,204,060	1,437,090	1,160,120	1,051,190	1,269,050
Utah	123,280	100,350	146,200	68,430	51,490	85,360
Vermont	20,480	15,080	25,890	18,350	13,270	23,420
Virginia	367,850	309,040	426,650	196,430	153,470	239,380
Washington	281,110	230,000	332,220	194,030	151,580	236,470
West Virginia	53,640	39,400	67,870	26,260	16,240	36,280
Wisconsin	337,500	283,320	391,670	219,030	175,150	262,900
Wyoming	23,350	17,950	28,750	14,440	10,180	18,700

Source: CPS-ASEC data for CY 2015 and CY 2016 combined with estimates from TRIM3's modeling of CCDF eligibility.

1 This estimate includes children ages 13 to 18 who receive SSI according to TRIM3's simulation of SSI.

2 Each eligibility estimate is the simple mean of a 2015-based and 2016-based estimate.