

Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2019

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Of the 12.5 million children potentially eligible for child care subsidies under federal rules in 2019, 16 percent received subsidies.

Overview and funding

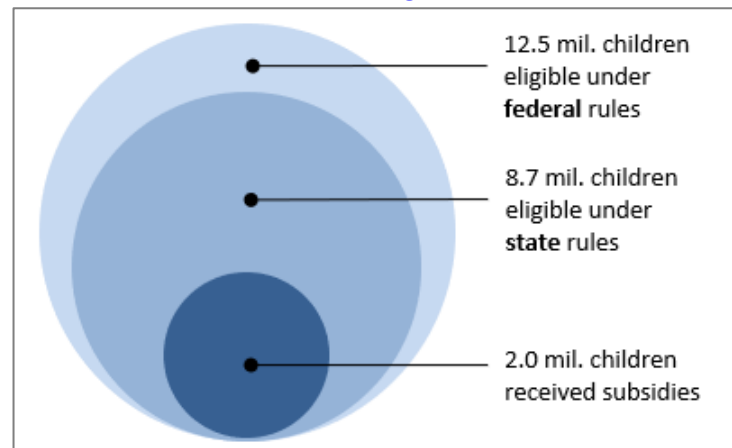
Child care subsidies help parents pay for child care so parents can work or participate in education and training activities. The federal government and states spent \$11.1 billion¹ to subsidize child care for low-income working families in 2019. Roughly two-thirds of this funding was from the Child 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**, 12.5 million children were potentially eligible² for child care subsidies in an average month in 2019 (Figure 1);³ this number is updated annually by the Office of the Assistant Secretary for Planning and Evaluation (ASPE). That represents 24 percent of the total 52.5 million children who were ages 0 through 12 in 2019. Federal eligibility rules are:

- The child must be under age 13 (or be under age 19 if the child has a disability or is in foster care⁴).
- 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.^{5,6} In FY 2019, this corresponded to an average (across states) income eligibility threshold for three-person families of \$59,687.
- The child's parents must be working, searching for work, or participating in education or training activities.⁷

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



¹ The estimated \$11.1 billion includes: expenditures on direct child care services of \$7.7 billion in federal and state CCDF funds; \$1.4 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. Some states spend additional amounts for child care, beyond match and maintenance of effort requirements, that are not reported to the federal government and therefore not reflected in these amounts.

² We use the term "potentially" eligible because while these children were eligible under federal rules, they may or may not have been *actually* eligible to receive subsidies under state rules. For the remainder of this factsheet, for brevity, we use simply the term "eligible" to refer to children potentially eligible under federal rules. Please note that this does not represent a departure conceptually or methodologically from previous years' versions of this factsheet, only a clarification of terminology.

³ 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.

⁴ Children who are under age 19 and physically or mentally incapable of caring for himself or herself, or under court supervision, are eligible.

⁵ 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).

⁶ The state median incomes used for this factsheet come from the American Community Survey, 2016 (5-year estimates):

<https://www.acf.hhs.gov/ocs/policy-guidance/liheap-im-2018-3-state-median-income-estimates-optional-use-fy-2018-and>

⁷ For this eligibility estimate, "working" is defined as employed one hour or more in a month. The majority (93 percent) of federally-eligible children come

States (or child care lead agencies) administer the subsidies, and states have authority to set eligibility rules that are more restrictive than the federal rules. Children must be eligible under state rules to receive any subsidies. Therefore, under **state rules**, only 8.7 million children were eligible for subsidies. That represents 17 percent of the total 52.5 million children who are ages 0 through 12 in 2019, and 70 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.⁸ 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 \$41,028, equivalent on average to 59 percent of the SMI for three-person families.⁹

The number of children eligible under state rules increased from 2018 to 2019

Under *federal* rules (which did not change from 2018 to 2019), there was a decrease in the number of children eligible (from 12.8 million in 2018 to 12.5 million in 2019). This is explained by demographic changes related to eligibility in the U.S. population. For example, economic conditions for families improved from 2018 to 2019, with the child poverty rate falling from 16.2 percent to 14.4 percent.¹⁰ Also, the total number of children (ages 0-12) in the U.S. decreased from 52.9 million in 2018 to 52.5 million in 2019.

Despite demographic changes that resulted in a decrease in the number of children eligible under *federal* rules, the number of children eligible under *state* rules increased from 8.4 million in 2018 to 8.7 million in 2019. Microsimulation methods were used to determine that this increase is because state policies changed in a way that increased the number of eligible children, such as via higher income eligibility thresholds (after accounting for inflation).^{11,12} In summary, the number of children eligible under federal rules declined because of economic and demographic changes, while the number of children eligible under state rules increased because state rules became more “generous.”

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

An estimated 2.0 million children¹³ received subsidies through CCDF or related government funding streams¹⁴ in an average month in fiscal year 2019 (see Figure 1). The 2.0 million served in 2019 is equal to 16 percent of all children eligible under federal rules and 23 percent of all children eligible under state rules. We do not publish participation rates by state because we do not have consistent state-level data on the number of children served by the related (non-CCDF) funding streams (i.e., TANF direct, excess TANF MOE, and SSBG).

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 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.

⁸ Dwyer, Minton, Kwon, and Weisner. (2020). *Key Cross-State Variations in CCDF Policies as of October 1, 2019: The CCDF Policies Database Book of Tables*.

⁹ The range of income eligibility limits is based on data as of October 1, 2019.

¹⁰ Semega, Kollar, Shrider, and Creamer (2020). *Income and Poverty in the United States: 2019*.

<https://www.census.gov/library/publications/2020/demo/p60-270.html>

¹¹ For example, 44 state/territories increased their initial income eligibility thresholds from 2018 to 2019, and the median percentage change for a family of three was 2.7 percent (Dwyer, Minton, Kwon, and Weisner. (2020). *Key Cross-State Variations in CCDF Policies as of October 1, 2019: The CCDF Policies Database Book of Tables*, page 45).

¹² Beginning in 2019, TRIM3 also implemented improvements to model different types of eligibility periods and income eligibility thresholds (i.e., initial, continuing, and redetermination thresholds) used by each state. These modeling improvements increased the number of children eligible under state rules by less than 1 percent and had negligible effects on the number of children eligible under federal rules.

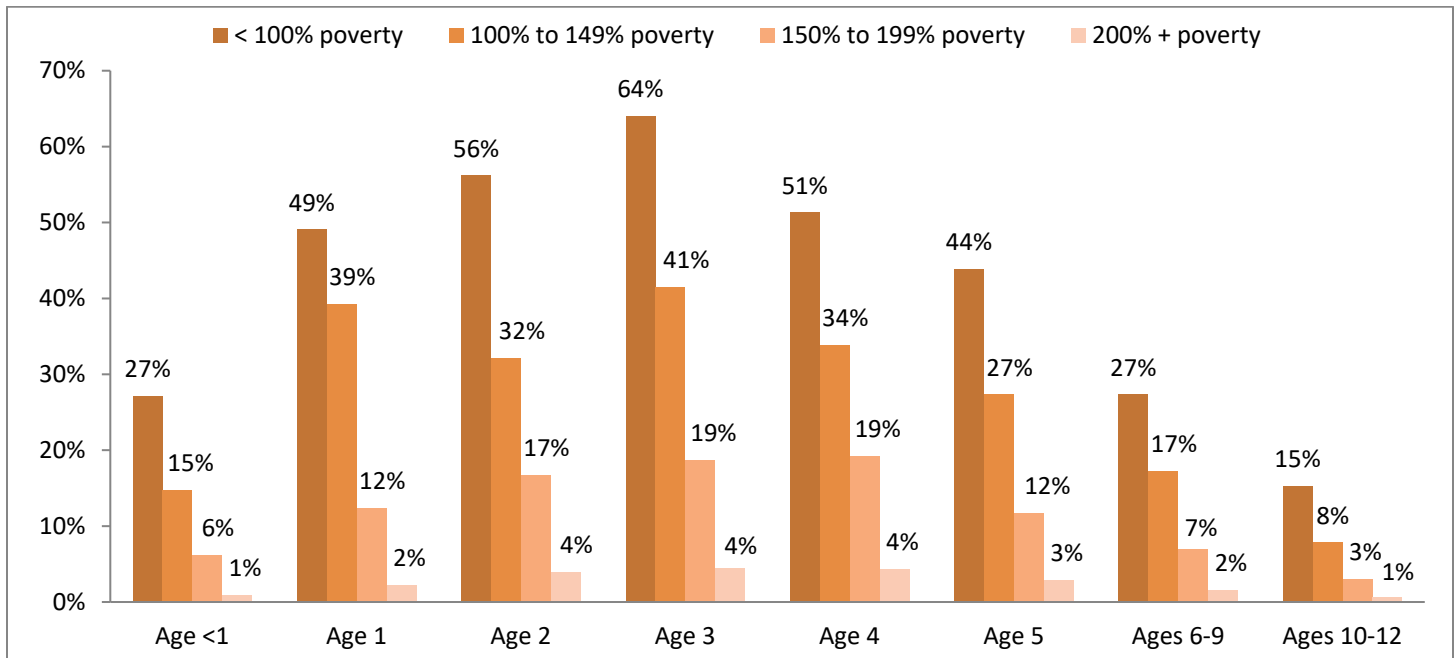
¹³ This estimate of receipt excludes about 5,400 children served in U.S. territories, as well as children served through subsidies administered solely by Indian reservations/tribes.

¹⁴ TANF funding spent directly on child care services; “excess TANF MOE”; and Social Services Block Grant expenditures related to child care.

Children in deeper poverty were more likely to receive subsidies than children who were less poor, among all children who were federally eligible (see Figure 2). For example, 51 percent of eligible 4-year-old children with family incomes below the poverty line received subsidies, while only 19 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, 64 percent of 3-year-old children with family incomes below the poverty line received subsidies, while 27 percent of 6-to-9-year-old children with family incomes below the poverty line received subsidies. In the general population, children ages 3-5 (not yet in kindergarten) are more likely to be in a nonparental care arrangement, compared to younger children.¹⁵

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



Note: Poverty figures are based on 2019 poverty thresholds published by the U.S. Census Bureau. For families with one adult and two children, 150 percent of poverty is \$30,896 (\$2,575 monthly).

¹⁵ <https://nces.ed.gov/pubs2020/2020075REV.pdf>

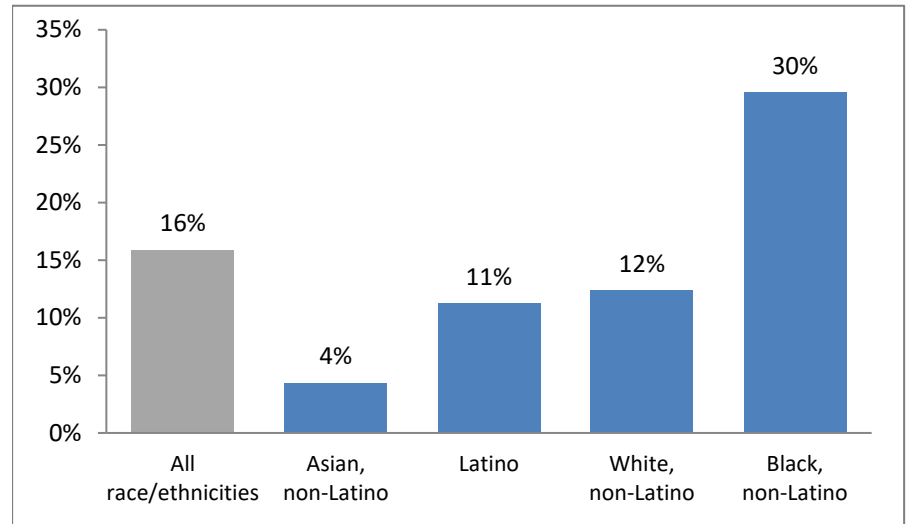
Black non-Latino children who were federally-eligible for subsidies were more likely to receive subsidies, compared to children of other races and ethnicities who were eligible (see Figure 3). Thirty percent of eligible Black non-Latino children received subsidies, compared to 4 percent of eligible Asian non-Latino children, 11 percent of eligible Latino children, and 12 percent of eligible White non-Latino children.¹⁶

Among other possible reasons, this may be partially because eligible Black non-Latino children were more likely to be living in poverty than eligible children of other

racess; as noted previously, children in households with income below 100 percent of poverty were more likely to receive subsidies. Thirty-five percent of eligible Black non-Latino children lived in households with incomes below poverty, compared to 12 percent of eligible Asian non-Latino children, 25 percent of eligible Latino children, and 16 percent of eligible White non-Latino 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 and ethnic group



¹⁶ Due to insufficient sample size, estimates could not be computed for federally-eligible children who were American Indian/Alaskan Native.

Appendix Table:

Number of Children Potentially Eligible for Child Care Subsidies by State, Two-Year Average Monthly Estimates, Calendar Year 2018-2019

State	Estimate of Children Eligible under Federal Parameters (Family Incomes < 85% SMI)			Estimate of 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	177,110	142,800	211,430	86,530	62,290	110,780
Alaska	30,940	25,180	36,700	26,930	21,540	32,320
Arizona	242,860	199,930	285,800	167,940	132,020	203,860
Arkansas	111,540	89,510	133,560	92,660	72,540	112,780
California*	1,409,620	1,305,450	1,513,780	1,607,340	1,495,960	1,718,720
Colorado	217,990	178,040	257,930	155,930	121,840	190,020
Connecticut	126,940	101,720	152,160	72,060	52,930	91,190
Delaware	42,810	35,310	50,320	24,460	18,730	30,190
DC	23,020	18,250	27,790	19,490	15,090	23,900
Florida	741,060	669,410	812,710	489,240	430,720	547,760
Georgia	458,210	402,290	514,120	250,280	208,660	291,900
Hawaii	41,390	32,420	50,360	29,270	21,700	36,850
Idaho	60,150	47,990	72,310	24,260	16,620	31,900
Illinois	504,730	445,040	564,420	321,520	273,420	369,610
Indiana	247,160	206,690	287,640	89,400	64,590	114,200
Iowa	140,060	114,740	165,380	55,500	39,320	71,680
Kansas	141,350	115,110	167,590	79,040	59,080	99,000
Kentucky	162,480	129,240	195,730	98,100	72,140	124,050
Louisiana	237,780	200,170	275,380	150,880	120,500	181,250
Maine*	44,150	33,900	54,400	45,780	35,350	56,210
Maryland	291,690	247,140	336,240	214,950	176,440	253,460
Massachusetts	254,320	213,550	295,100	145,150	114,010	176,290
Michigan	378,030	327,900	428,150	151,070	119,100	183,050
Minnesota	272,170	229,390	314,940	130,540	100,720	160,350
Mississippi	135,140	111,740	158,540	128,330	105,620	151,040
Missouri	221,170	182,540	259,800	101,660	75,220	128,100
Montana	43,250	35,870	50,620	17,540	12,770	22,300
Nebraska	88,460	71,990	104,920	35,470	24,830	46,110
Nevada	127,020	102,900	151,140	66,950	49,160	84,750
New Hampshire	52,870	42,670	63,070	26,110	18,860	33,350
New Jersey	296,260	251,160	341,370	106,830	79,510	134,150
New Mexico	96,880	79,750	114,010	77,250	61,760	92,730
New York	720,080	648,240	791,920	441,490	384,840	498,140
North Carolina	422,170	367,970	476,370	380,660	329,080	432,240
North Dakota	34,060	28,190	39,920	23,150	18,310	28,000
Ohio	459,870	405,070	514,680	217,140	179,110	255,170
Oklahoma	149,030	118,600	179,450	133,570	104,280	162,870
Oregon	118,160	90,880	145,450	59,870	40,660	79,080
Pennsylvania	474,770	418,520	531,020	274,710	231,700	317,720
Rhode Island	37,850	29,940	45,760	14,390	9,450	19,340
South Carolina	195,180	159,620	230,740	125,310	96,550	154,070
South Dakota	44,960	37,270	52,640	26,840	20,830	32,850
Tennessee	239,150	199,360	278,950	143,800	112,780	174,820
Texas	1,248,300	1,149,220	1,347,380	1,111,210	1,017,480	1,204,940
Utah	111,010	92,140	129,890	47,440	34,970	59,910
Vermont*	18,030	13,590	22,460	20,260	15,580	24,940
Virginia	313,940	266,560	361,330	154,850	121,140	188,560
Washington	273,410	229,250	317,570	155,280	121,790	188,770
West Virginia	53,850	41,370	66,330	28,990	19,770	38,200
Wisconsin	267,420	225,280	309,560	141,770	110,930	172,600
Wyoming	23,240	18,520	27,960	13,970	10,300	17,640

See notes on following page.

*The estimate of children eligible under state rules may be larger than the estimate of children eligible under federal rules for the following reasons: the state uses a different source for SMI than that used by TRIM for the federal estimate; the state disregards some income sources; the state excludes some family members from the assistance unit. For example, for its income eligibility threshold, California appears to use 85 percent of SMI from the American Community Survey 2017 (1-year estimate), while the estimate of children eligible under federal rules uses 85 percent of SMI from the American Community Survey 2016 (5-year estimate).

Table notes: Data source is CPS-ASEC data for CY 2018 and CY 2019 combined with estimates from TRIM3's modeling of CCDF eligibility. This population also includes children ages 13 to 18 who receive SSI according to TRIM3's simulation of SSI. Each eligibility estimate is the simple mean of a 2018-based and 2019-based estimate.