

# Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2013

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*Of the 13.4 million children eligible for child care subsidies in 2013, 16 percent received subsidies.*

## Overview and funding

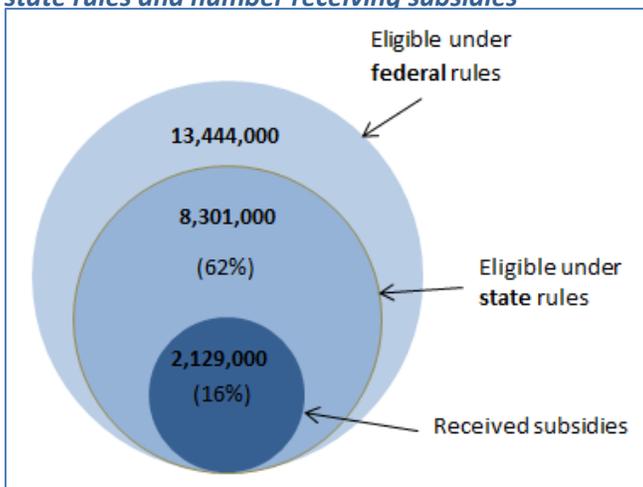
Child care subsidies help parents pay for child care so parents can work or participate in education and training activities. The Federal government and States spent \$10.0 billion<sup>1</sup> to subsidize child care for low-income working families in 2013. Roughly two-thirds of this funding was from 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**, 13.4 million children were eligible for child care subsidies in an average month in 2013 (Figure 1).<sup>2</sup> That represents 25.3 percent of the total 53.1 million children in the age range served by CCDF. Federal eligibility rules are:

- Children 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 2013, 85 percent of average SMI for three-person families was \$53,386.
- The child's parents must be working 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**, 8.3 million children were eligible for subsidies. That represents 15.6 percent of the total 53.1 million children in the age range served by CCDF, and 62 percent of children eligible under federal rules. States have flexibility within the federal eligibility parameters of CCDF in setting income eligibility thresholds, co-payment fees, maximum reimbursement rates to 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 \$35,530, equivalent to 57 percent of the average SMI for three-person families.<sup>7</sup>

<sup>1</sup> The estimated \$10 billion includes: estimated expenditures on direct child care services of \$6.8 billion in federal CCDF funds; \$1.1 billion in TANF funding spent directly on child care services; \$1.8 billion in "excess TANF MOE"; and \$0.3 billion in Social Services Block Grant expenditures related to child care.

<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 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.

<sup>4</sup> State median income is based on estimates published for fiscal year 2013 in the Federal Register: March 15, 2012 (Volume 77, Number 51).

<sup>5</sup> For this eligibility estimate, "working" is defined as employed one hour or more in a month. The majority (92 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.

<sup>6</sup> Minton, Durham, & Giannarelli. (2014). *The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies as of October 1, 2013*.

<sup>7</sup> The range of income eligibility limits is based on data as of October 1, 2013.

## Fewer children were eligible in 2013 compared to 2012

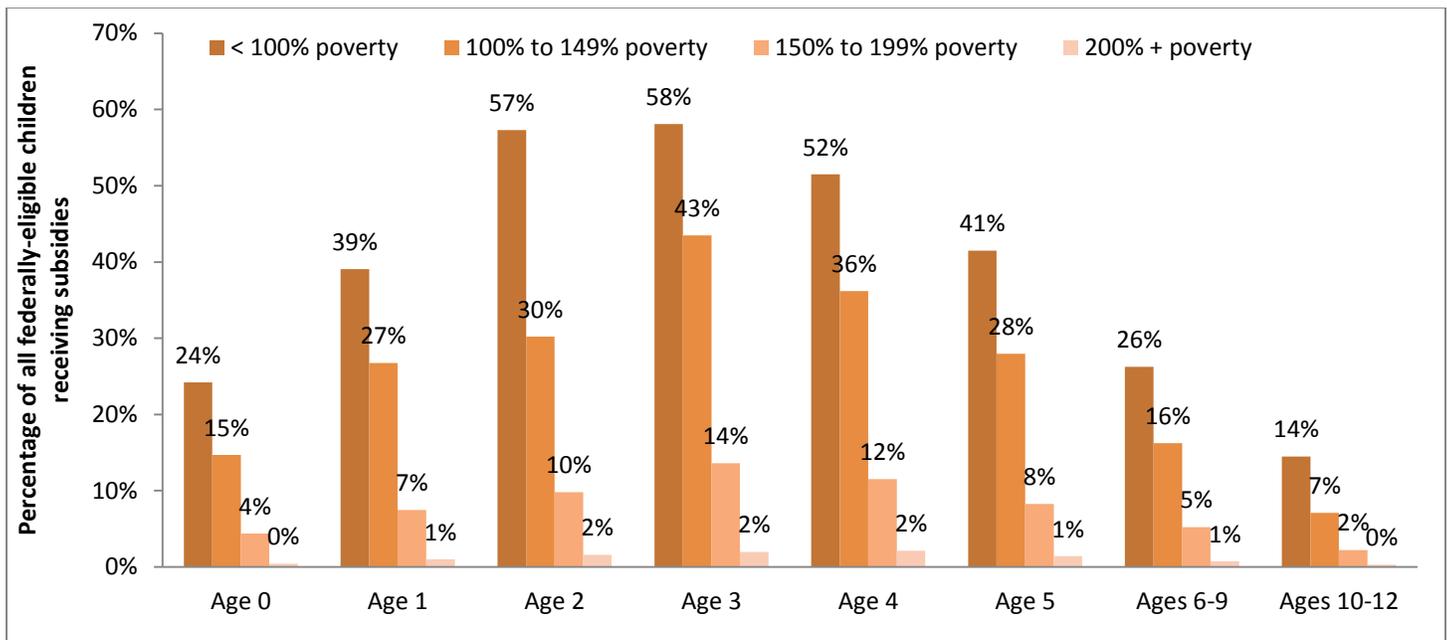
Whereas 8.9 million children were eligible under state rules in 2012, only 8.3 million children were eligible in 2013. Likewise, whereas 14.2 million children were eligible under federal rules in 2012, only 13.4 million children were eligible in 2013. This is because fewer working families had incomes low enough to be eligible for child care subsidies in 2013, compared to 2012. State eligibility rules in 2012 and 2013 were similar and not responsible for the decline in eligibility between 2012 and 2013.

## Who receives subsidies?

An estimated 2.1 million children<sup>8</sup> received child care subsidies through CCDF or related government funding streams in an average month in fiscal year 2013 (see Figure 1), which is equivalent to 16 percent<sup>9</sup> of all children eligible under federal rules and 26 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 eligible. For example, 41 percent of 5-year-old children with family incomes below the poverty line received subsidies, while only 8 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, 58 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 2013 poverty thresholds published by the U.S. Census Bureau. For families with one adult and two children, 150 percent of poverty is \$28,154 (\$2,346 monthly).

Reports on eligibility for child care subsidies for prior years can be found at [aspe.hhs.gov](http://aspe.hhs.gov).

<sup>8</sup> This estimate of receipt excludes about 11,500 children served in U.S. territories, as well as children served through subsidies administered solely by Indian reservations/tribes.

<sup>9</sup> GAO reported that 11 percent of federally-eligible children received CCDF subsidies in the average month over 2011-2012 (*Child Care: Access to Subsidies and Strategies to Manage Demand Vary across States*, GAO-17-60). The report included only children funded by CCDF, and did not include children funded by related child care funding streams.