

# Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2017

By Nina Chien

November 2020

*Of the 13.5 million children eligible for child care subsidies in 2017, 14 percent received subsidies.*

## Overview and funding

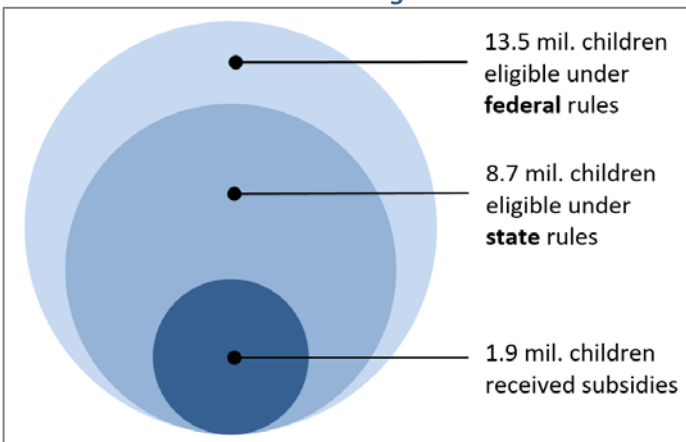
Child care subsidies help parents pay for child care so parents can work or participate in education and training activities. The federal government and states spent \$9.7 billion<sup>1</sup> to subsidize child care for low-income working families in 2017. Roughly two-thirds of this funding was from 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**, 13.5 million children were eligible for child care subsidies in an average month in 2017 (Figure 1);<sup>2</sup> this number is updated by the office of the Assistant Secretary for Planning and Evaluation (ASPE) annually. That represents 25 percent of the total 53.1 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 2017, 85 percent of average SMI for three-person families was \$57,331.
- 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**, 8.7 million children were eligible for subsidies. That represents 16 percent of the total 53.1 million children who are ages 0 through 12, and 65 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.<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 \$37,644, equivalent on average to 56 percent of the SMI for three-person families.<sup>7</sup>

<sup>1</sup> The estimated \$9.7 billion includes: expenditures on direct child care services of \$6.4 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.

<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 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 income is based on estimates published for fiscal year 2017 in the Federal Register: August 23, 2016 (Volume 81, Number 163).

<sup>5</sup> 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 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.

<sup>6</sup> Tran, Minton, Haldar, Dwyer. (2018). *The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies October 1, 2017*.

<sup>7</sup> The range of income eligibility limits is based on data as of October 1, 2017.

## The number of eligible children increased slightly from 2016 to 2017

Under state rules, 8.5 million children were eligible in 2016 compared to 8.7 million in 2017. Under federal rules, 13.3 million children were eligible in 2016 compared to 13.5 million in 2017. The small increase in the eligible population under state rules is explained by state rules that were overall more generous in 2017 compared to 2016.

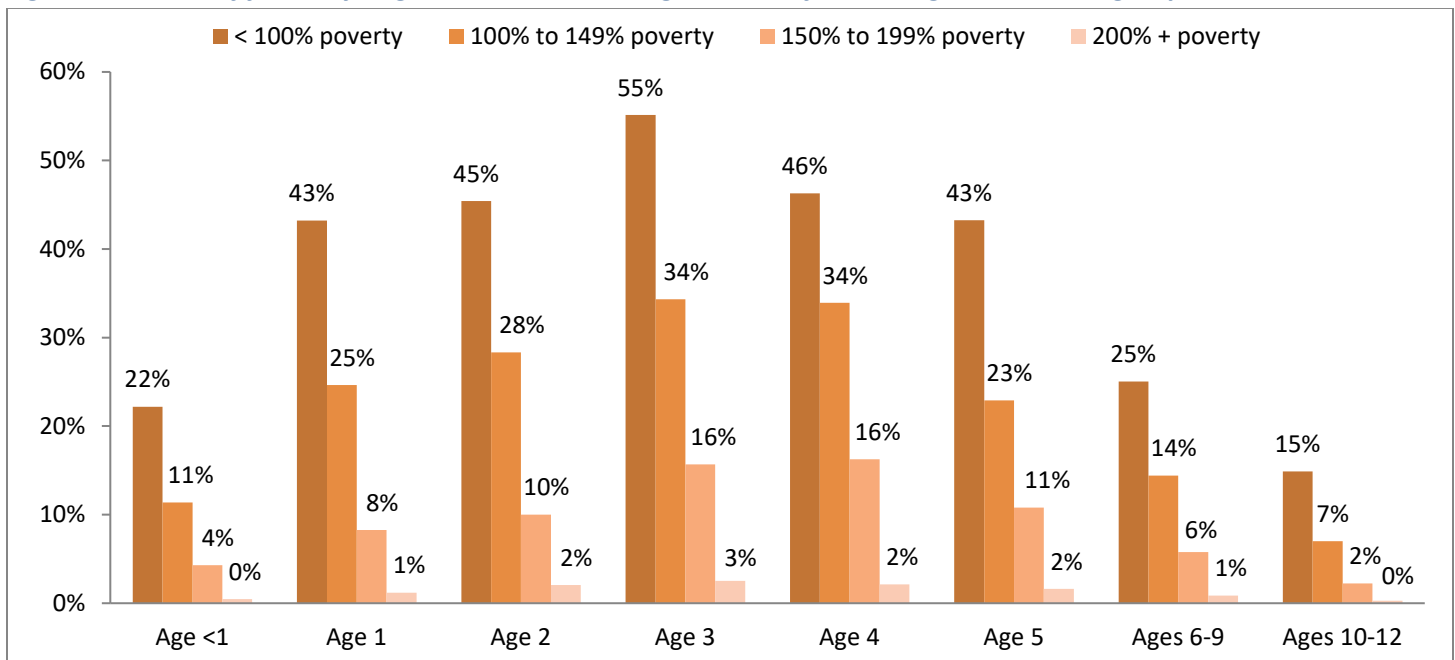
## Among children who are federally eligible, who is most likely to receive subsidies?

An estimated 1.9 million children<sup>8</sup> received subsidies through CCDF or related government funding streams<sup>9</sup> in an average month in fiscal year 2017 (see Figure 1), a reduction from 2.0 million in 2016. The 1.9 million served in 2017 is equal to 14 percent of all children eligible under federal rules and 22 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, 46 percent of eligible 4-year-old children with family incomes below the poverty line received subsidies, while only 16 percent with family incomes between 150 and 199 percent of poverty received subsidies.

**Younger children ages 1 through 5 were also more likely to receive subsidies compared to older, school-age children.** For example, 55 percent of 3-year-old children with family incomes below the poverty line received subsidies, while 25 percent of 6-to-9-year-old children with family incomes below the poverty line received subsidies.

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



Note: Poverty figures are based on 2017 poverty thresholds published by the U.S. Census Bureau. For families with one adult and two children, 150 percent of poverty is \$29,624 (\$2,469 monthly).

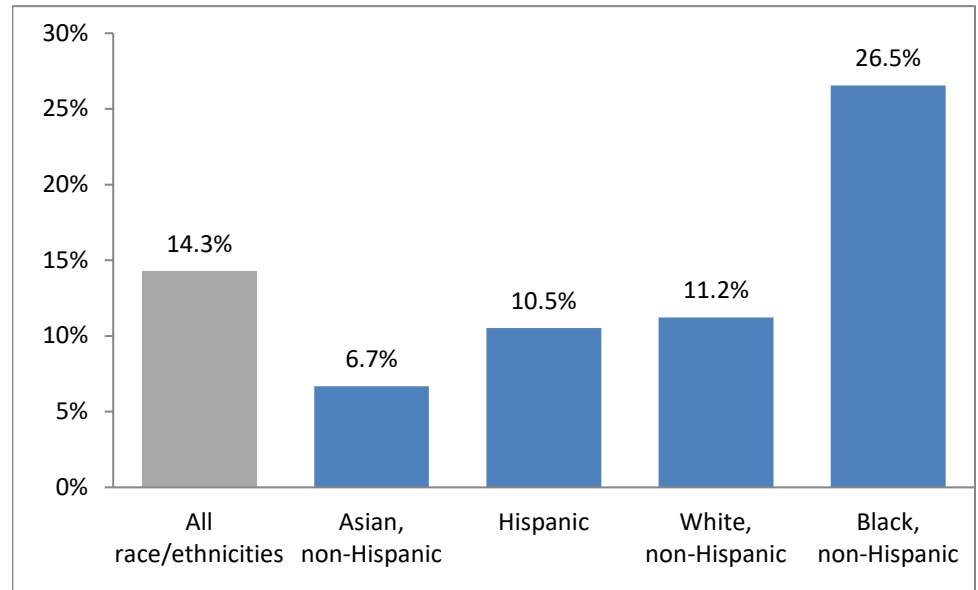
<sup>8</sup> This estimate of receipt excludes about 3,400 children served in U.S. territories, as well as children served through subsidies administered solely by Indian reservations/tribes.

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

**Black children who were federally-eligible for subsidies were more likely to receive subsidies, compared to children of other race/ethnicities who were eligible** (see Figure 3). Twenty-seven percent of eligible black children received subsidies, compared to 7 percent of eligible Asian children, 11 percent of eligible Hispanic children, and 11 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 2016-2017**

Children Potentially Eligible Under Federal Parameters  
(Family Incomes < 85% SMI)

Children Eligible Under State-Defined Rules

State	Estimate	95% Confidence Interval, 2-Year Average Low	95% Confidence Interval, 2-Year Average High
Alabama	166,170	128,220	204,120
Alaska	33,520	26,700	40,340
Arizona	257,530	207,460	307,600
Arkansas	120,270	94,170	146,370
California	1,507,590	1,385,080	1,630,100
Colorado	222,920	176,970	268,870
Connecticut	158,870	126,390	191,360
Delaware	48,880	39,810	57,960
DC	27,420	21,410	33,440
Florida	724,870	644,550	805,190
Georgia	507,660	440,660	574,650
Hawaii	56,940	45,060	68,810
Idaho	62,190	48,110	76,270
Illinois	539,290	469,400	609,180
Indiana	255,180	208,270	302,080
Iowa	157,270	126,780	187,770
Kansas	146,200	115,870	176,520
Kentucky	197,010	155,550	238,460
Louisiana	237,870	194,970	280,780
Maine	38,600	27,720	49,470
Maryland	294,230	243,220	345,240
Massachusetts	286,380	236,980	335,780
Michigan	365,850	309,670	422,040
Minnesota	267,990	219,850	316,130
Mississippi	137,100	110,100	164,100
Missouri	264,480	216,410	312,540
Montana	36,930	29,160	44,710
Nebraska	106,600	86,030	127,170
Nevada	105,180	80,040	130,320
New Hampshire	57,220	45,130	69,310
New Jersey	388,870	330,060	447,680
New Mexico	98,960	79,250	118,670
New York	799,960	714,010	885,900
North Carolina	386,020	326,510	445,530
North Dakota	37,140	30,180	44,100
Ohio	524,730	457,980	591,490
Oklahoma	168,150	131,060	205,240
Oregon	144,260	109,560	178,970
Pennsylvania	513,370	446,870	579,870
Rhode Island	38,940	29,730	48,150
South Carolina	191,150	151,270	231,020
South Dakota	37,830	29,820	45,850
Tennessee	249,080	202,940	295,230
Texas	1,257,250	1,144,030	1,370,470
Utah	118,760	96,630	140,880
Vermont	20,900	15,480	26,320
Virginia	329,800	274,610	384,980
Washington	295,390	243,430	347,350
West Virginia	53,940	39,690	68,190
Wisconsin	320,140	267,580	372,700
Wyoming	24,050	18,590	29,510

State	Estimate	95% Confidence Interval, 2-Year Average Low	95% Confidence Interval, 2-Year Average High
Alabama	92,750	64,190	121,310
Alaska	27,610	21,410	33,810
Arizona	178,780	136,870	220,690
Arkansas	75,550	54,710	96,390
California	1,309,010	1,194,580	1,423,440
Colorado	126,800	91,930	161,680
Connecticut	91,650	66,790	116,510
Delaware	35,790	28,000	43,590
DC	22,360	16,910	27,810
Florida	464,930	400,180	529,670
Georgia	251,460	203,700	299,230
Hawaii	39,650	29,670	49,640
Idaho	27,500	18,020	36,970
Illinois	320,700	266,320	375,090
Indiana	82,260	55,250	109,260
Iowa	52,920	34,930	70,920
Kansas	83,670	60,450	106,880
Kentucky	125,650	92,250	159,050
Louisiana	126,850	95,130	158,560
Maine	42,350	30,980	53,720
Maryland	104,630	73,700	135,550
Massachusetts	169,070	130,780	207,360
Michigan	139,710	104,600	174,810
Minnesota	123,310	90,210	156,410
Mississippi	109,360	85,120	133,600
Missouri	105,830	75,010	136,640
Montana	18,500	12,960	24,040
Nebraska	38,550	25,960	51,130
Nevada	119,940	93,170	146,720
New Hampshire	36,720	26,980	46,460
New Jersey	170,290	130,900	209,680
New Mexico	66,330	50,070	82,580
New York	548,810	477,160	620,460
North Carolina	333,430	277,950	388,900
North Dakota	24,520	18,810	30,220
Ohio	230,940	186,060	275,810
Oklahoma	124,380	92,330	156,430
Oregon	90,350	62,700	118,010
Pennsylvania	321,230	268,210	374,250
Rhode Island	22,040	15,050	29,030
South Carolina	138,090	104,010	172,160
South Dakota	18,940	13,220	24,670
Tennessee	133,510	99,410	167,610
Texas	1,099,460	993,270	1,205,640
Utah	69,780	52,680	86,880
Vermont	23,620	17,870	29,370
Virginia	171,960	131,820	212,100
Washington	205,460	161,830	249,080
West Virginia	26,130	16,130	36,130
Wisconsin	201,710	159,570	243,840
Wyoming	15,380	10,980	19,780

Source: CPS-ASEC data for calendar years 2016 and 2017 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 2016-based and 2017-based estimate.