

# Factsheet: Estimates of Child Care Eligibility & Receipt for Fiscal Year 2015

By Nina Chien

January 2019

*Of the 13.6 million children eligible for child care subsidies in 2015, 15 percent received subsidies.*

## Overview and funding

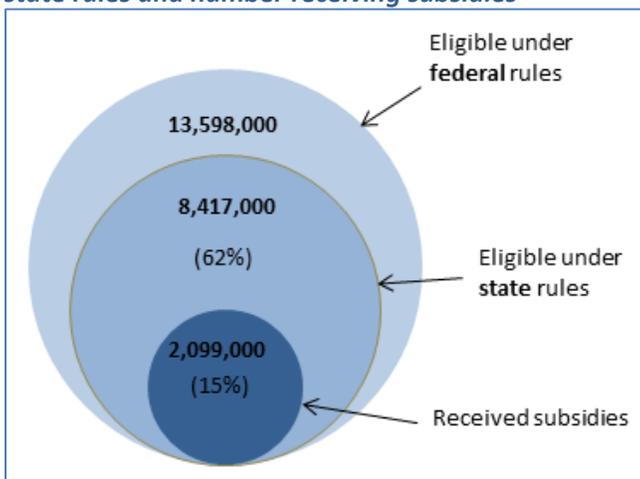
Child care subsidies help parents pay for child care so parents can work or participate in education and training activities. The Federal government and States spent \$10.2 billion<sup>1</sup> to subsidize child care for low-income working families in 2015. Roughly two-thirds of this funding was from 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**, 13.6 million children were eligible for child care subsidies in an average month in 2015 (Figure 1);<sup>2</sup> this number is updated by ASPE annually. That represents 25.6 percent of the total 53.2 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 2015, 85 percent of average SMI for three-person families was \$55,127.
- 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**, 8.4 million children were eligible for subsidies. That represents 15.8 percent of the total 53.2 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 \$35,738, equivalent on average to 56 percent of the SMI for three-person families.<sup>7</sup>

<sup>1</sup> The estimated \$10.2 billion includes: expenditures on direct child care services of \$6.6 billion in federal and state CCDF funds; \$1.3 billion in TANF funding spent directly on child care services; \$2.1 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 2015 in the Federal Register: July 21, 2014 (Volume 79, Number 139).

<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.

<sup>6</sup> Minton, Durham, & Giannarelli. (2017). *The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies as of October 1, 2015*.

<sup>7</sup> The range of income eligibility limits is based on data as of October 1, 2015.

## Fewer children were eligible in 2015 compared to 2014

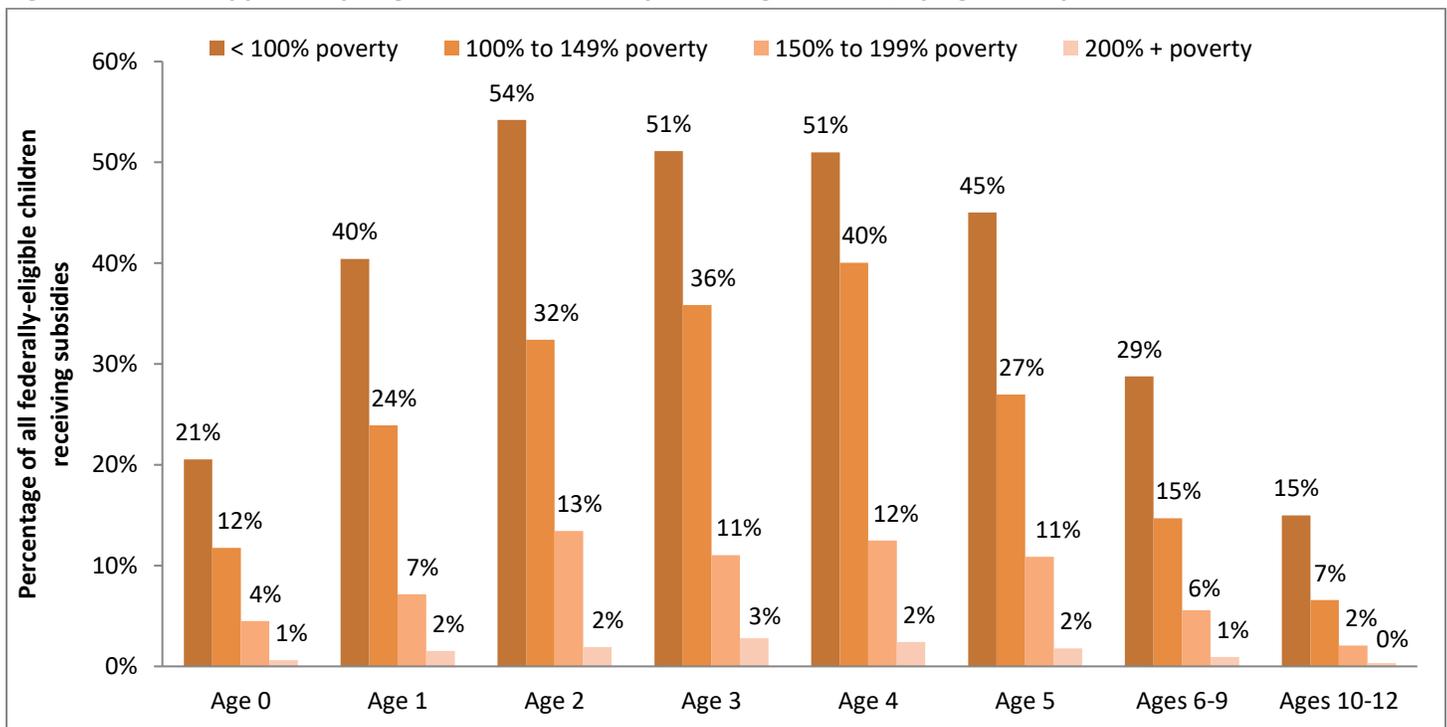
Whereas 8.8 million children were eligible under state rules in 2014, only 8.4 million children were eligible in 2015. Likewise, whereas 13.8 million children were eligible under federal rules in 2014, only 13.6 million children were eligible in 2015. Among other reasons, the decline in eligibility between 2014 and 2015 is partly due to state rules, and state income eligibility rules that did not adjust for inflation from 2014 to 2015 likely played a role.

## Who receives subsidies?

An estimated 2.1 million children<sup>8</sup> received child care subsidies through CCDF or related government funding streams<sup>9</sup> in an average month in fiscal year 2015 (see Figure 1), which is equivalent to 15 percent of all children eligible under federal rules and 25 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, 45 percent of 5-year-old children with family incomes below the poverty line received subsidies, while only 11 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, 51 percent of 3-year-old children with family incomes below the poverty line received subsidies, while 29 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 2015 poverty thresholds published by the U.S. Census Bureau. For families with one adult and two children, 150 percent of poverty is \$28,644 (\$2,387 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 9,900 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.

## Appendix Table:

## Number of Children Potentially Eligible for Child care Subsidies by State, Two-Year Average Monthly Estimates, Calendar Year 2014-2015

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	175,730	136,750	214,720	88,490	60,590	116,390
Alaska	36,610	29,500	43,720	28,730	22,390	35,060
Arizona	281,680	229,460	333,900	203,530	158,870	248,200
Arkansas	115,990	90,380	141,600	80,770	59,310	102,220
California	1,521,980	1,398,950	1,645,000	1,241,330	1,129,820	1,352,830
Colorado	215,940	170,710	261,170	124,220	89,620	158,830
Connecticut	155,490	123,450	187,540	100,650	74,660	126,650
Delaware	50,380	41,170	59,590	35,950	28,100	43,790
DC	24,900	19,170	30,640	21,040	15,750	26,340
Florida	694,270	615,670	772,880	469,700	404,680	534,720
Georgia	525,860	457,780	593,940	263,870	214,990	312,750
Hawaii	63,240	50,750	75,740	49,510	38,390	60,620
Idaho	67,590	52,930	82,240	29,750	19,940	39,560
Illinois	615,780	541,350	690,200	260,060	212,890	307,240
Indiana	358,620	303,450	413,790	162,140	124,470	199,820
Iowa	163,380	132,340	194,430	55,260	36,980	73,540
Kansas	141,690	111,840	171,530	72,010	50,430	93,590
Kentucky	173,390	134,380	212,400	73,400	47,730	99,070
Louisiana	254,670	210,350	299,000	144,290	110,500	178,080
Maine	33,460	23,330	43,600	32,800	22,770	42,830
Maryland	265,620	217,040	314,210	74,370	48,240	100,500
Massachusetts	281,800	232,780	330,820	155,000	118,290	191,710
Michigan	407,050	347,860	466,230	160,620	122,980	198,260
Minnesota	258,850	211,390	306,300	107,790	76,710	138,860
Mississippi	150,720	122,470	178,960	116,280	91,310	141,240
Missouri	266,850	218,590	315,120	108,160	77,020	139,310
Montana	37,180	29,380	44,970	16,990	11,670	22,310
Nebraska	106,260	85,740	126,780	39,960	27,180	52,740
Nevada	122,560	95,550	149,570	125,490	98,160	152,820
New Hampshire	37,860	27,960	47,770	25,830	17,610	34,050
New Jersey	360,150	303,450	416,840	153,680	116,200	191,160
New Mexico	97,280	77,720	116,830	83,660	65,520	101,800
New York	793,600	707,980	879,210	551,330	479,510	623,150
North Carolina	419,370	357,460	481,270	384,130	324,770	443,490
North Dakota	35,720	28,890	42,560	37,160	30,200	44,120
Ohio	549,240	481,030	617,460	266,280	218,170	314,390
Oklahoma	167,140	130,120	204,160	131,690	98,670	164,710
Oregon	136,730	102,920	170,530	91,540	63,730	119,350
Pennsylvania	478,130	413,860	542,390	287,200	237,000	337,400
Rhode Island	35,640	26,810	44,460	17,840	11,540	24,130
South Carolina	199,410	158,740	240,070	128,390	95,520	161,270
South Dakota	41,330	32,970	49,690	25,540	18,900	32,180
Tennessee	236,270	191,270	281,270	132,910	98,870	166,940
Texas	1,321,200	1,205,360	1,437,030	1,134,730	1,026,990	1,242,460
Utah	134,330	110,890	157,780	71,930	54,580	89,280
Vermont	21,990	16,430	27,550	15,160	10,520	19,800
Virginia	380,380	321,290	439,470	191,390	148,970	233,800
Washington	302,420	249,850	354,990	196,010	153,360	238,650
West Virginia	59,470	44,530	74,410	34,110	22,730	45,480
Wisconsin	319,890	267,380	372,400	193,050	151,780	234,310
Wyoming	23,030	17,680	28,370	14,200	9,970	18,430

Source: CPS-ASEC data for CY 2014 and CY 2015 combined with estimates from TRIM3's modeling of CCDF eligibility

1 This population also 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 2014-based and 2015-based estimate.