FIRST FIVE YEARS FUND

PROGRAM OVERVIEW

CHILD CARE AND DEVELOPMENT BLOCK GRANT (CCDBG)

Last updated: June 2026

The Child Care and Development Block Grant (CCDBG) is the primary source of federal child care funding in the United States. Annual discretionary funding for CCDBG is combined with mandatory funding authorized under the Social Security Act, known as the **Child Care Entitlement to States (CCES)**. Together, these funding streams make up the **Child Care and Development Fund (CCDF)**.

CCDBG enables states, territories, and tribal governments (collectively referred to as “states” in this resource) to provide child care subsidies to low-income families with children under age 13. Most funding supports children ages five and under, with the remainder serving school-aged children before and after school and during the summer.

CCDBG emphasizes flexibility for states and choice for families. States can tailor funding to meet the unique needs of their communities, while eligible families can choose from a range of providers, including child care centers, home based care, and faith-based programs. **By expanding access to safe, affordable child care, CCDBG supports parents’ ability to work or pursue education while helping children access early learning experiences that promote healthy development.**

ADMINISTRATION OF THE PROGRAM

The U.S. Department of Health and Human Services (HHS), Administration for Children and Families (ACF) distributes CCDF funding to states using an allocation formula. Each state designates a Lead Agency to administer the child care subsidy program that reflect its priorities. States must comply with federal requirements related to eligibility, health and safety, quality improvement, and program oversight, and may also establish standards that go beyond federal requirements.

AT-A-GLANCE

CREATED

1990

WHO THIS PROGRAM SERVES

The CCDBG program helps eligible working families in all states afford child care. Eligibility is based on income, household size, and whether parents are working or participating in education or training programs. Children involved in or needing child protective services also qualify.

Federal law allows families to qualify with incomes up to 85% of state median income (SMI), though states may set lower thresholds, and many do. States also define which work, job training, and education activities qualify, as well as how “protective services” is determined. However, meeting eligibility criteria does not guarantee assistance, as funding is limited.

NUMBER OF CHILDREN SERVED

In FY2023, an estimated 1,049,770 children ages five and under received child care subsidies.[1]

PERCENT OF ELIGIBLE CHILDREN SERVED

Only 17% of eligible children ages five and under are able to access child care through CCDBG.[2]

DELIVERY METHOD

Eligible families can apply to the state’s lead agency for a subsidy. Families who receive a subsidy may choose any participating child care provider that meets state requirements. Provider payments depend on state policy, and may be made through a voucher/child care certificate directly to a family or through a grant/contract per an agreement with the state. States have flexibility in how to use these funds to best meet the needs of children, families, and child care providers in their communities.

FY2026 FEDERAL FUNDING

$12.3 billion
($8.83 billion discretionary, $3.55 billion mandatory)

Scan or click the QR code for full references and links.

HOW IT WORKS (DELIVERY & PAYMENTS)[6]

Eligible families apply for subsidies through their state's Lead Agency. Recipients may choose any participating provider that meets state requirements and has available space. States prioritize services for families with the greatest need, including those with very low incomes, children with special needs, and children experiencing homelessness, among other groups. In their State Plans submitted to ACF, Lead Agencies must describe how these priorities are implemented, such as through waived copayments or expedited access. **On average, families receiving subsidies save about $1,013 per month ($12,156 per year)**.[3]

Depending on state policy, providers are paid either through vouchers (child care certificates) or through grants and contracts with the Lead Agency. Payment rates are set based on statewide assessments of child care prices and the cost of care. Historically, states have relied on **Market Rate Surveys**, which reflect parent-paid tuition and fees in a given area. However, because these rates often do not capture the true cost of quality care, some states are shifting to **Cost Estimation Models** that better reflect providers' actual expenses.[4]

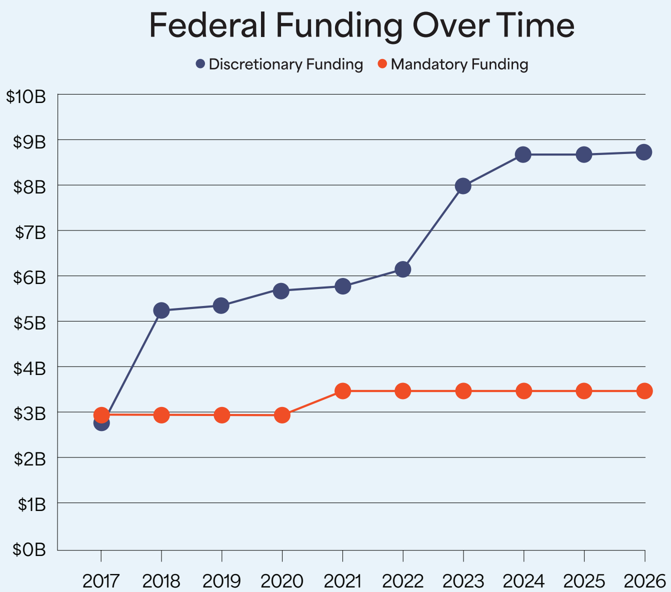
When subsidy payment rates fall below the true cost of care, providers face difficult trade-offs that can affect program quality. Low rates may also limit options for families, as some providers prioritize private-pay families over those using subsidies. In some cases, families may face higher copayments when subsidies do not fully cover the cost of care.

ENSURING SAFETY & QUALITY

To receive CCDF funds, states must meet federal oversight and accountability requirements that protect children's health and safety and ensure program integrity. This oversight is supported by federal and state mechanisms, including State Plan approval, audits, monitoring, and fraud prevention measures. Lead Agencies must implement internal controls, such as contract management, data validation, and compliance checks, to ensure funds are used as intended.

States must also establish licensing standards to ensure children are cared for in safe, quality environments. These standards, set at the state level, typically cover areas such as health and safety practices, caregiver-to-child ratios, food preparation, staff training, and emergency preparedness. States may set different requirements by provider type, and some providers may be exempt from state licensing altogether. Lead Agencies must ensure that all CCDF providers meet federal health and safety requirements and are monitored for compliance. In many states, license-exempt providers may participate in CCDF if they meet these standards and are subject to monitoring.

While most CCDF funding supports direct assistance to families, states must also invest in improving the overall quality of child care. Federal law requires states to spend at least 9% of CCDF funds on quality improvement activities that benefit all children in care, such as workforce development, licensing support, and other quality initiatives. An additional 3% must support improving care for infants and toddlers.



Program Funding
Congress has long recognized the need to invest in child care, and funding for CCDBG has risen consistently over the past decade. Today, CCDBG is funded at $12.38 billion (including both mandatory and discretionary funding).

Discretionary Funding
Discretionary funding for CCDBG has tripled over the past decade. Funding doubled over two years under the FY 2018 spending bill, and in FY 2023, it increased by $1.86 billion, the largest single-year increase in the program's history.

Mandatory Funding
CCDBG also receives funding through the Child Care Entitlement to States (CCES), which is not subject to annual appropriation. CCES funding increased in FY 2021 and has remained unchanged since.

Despite increased investments, the program remains under-funded and reaches only 17% of eligible children ages five and under.[5] Additional funding is needed to expand access to quality child care for more working families.

Learn more about CCDBG in your state here.[6]