

History of Federal Funding for Child Care and Early Learning

For more than 80 years, the federal government has invested in child care and early education programs to help parents work and children succeed. Over time, these programs have varied in intent, scope, and design, and have evolved in response to changes such as the influx of women in the workforce, a greater understanding of childhood brain development, and developments in societal beliefs and values around the social safety net. Federal early childhood programs are often viewed as a patchwork of solutions which have emerged in reaction to these changes and are still evolving today.

1933

Early iterations of federal child care programs were targeted as a form of work support with less emphasis on childhood development.

For instance, the first federal investment in child care was made in 1933 in response to the Great Depression. Thousands of government-paid jobs were provided by the Works Progress Administration (WPA) to help those rendered unemployed, and the Emergency Nursery School Program provided child care for the children of WPA program participants.

Because of the widespread economic impact of the depression, a broad section of the population was eligible for the Emergency Nursery School Program and it served each year between 44,000 and 72,000 children ages 2 to 5.²¹

1935

In 1935, the Aid to Dependent Children (ADC) program was included in the New Deal.²² The ADC began as a state-administered cash assistance program to support single mothers by allowing them to stay home and care for their

children. Over time, especially during World War II, women's participation in the labor force was critical and the need for child care for these working mothers became apparent. These federal programs quickly shifted and were cobbled together to support working mothers.

1940

In 1940, the Lanham Act authorized funding for child care facilities for children of mothers working in defense and defense-related industries. Under this program, subsidies were provided for all children, regardless of family income, to help communities care for children while mothers were assisting with the war effort.⁷³ Over the next 25 years, the ADC evolved into a broader welfare program targeted toward low- or no-income families (and re-named Aid to Families with Dependent Children, or AFDC).

1965

Following World War II, attitudes around child care began to shift, in part due to the emerging research on the importance of a child's early years and building off of the success of earlier programs.⁷⁴

In 1965, then-President Lyndon Johnson established the Head Start program as a part of his War on Poverty initiative, predicated on the belief that early education could have a substantial impact on low-income children's later success. The program began as a national school readiness program for 4-year-olds from low-income families, and while it has evolved and expanded over time, the goals to improve school readiness have remained. Grants are given directly from the federal government to local Head Start grantees, who offer a range of comprehensive services to support school readiness and strengthen families. In 1994, the Early Head Start program was created to support low-income pregnant women, infants, and toddlers up to age three, ensuring the program could serve a continuum of children ages birth through five.

1974

As the number of women in the workforce continued to grow, the national conversation expanded around how to enable mothers to work as well as support children's development.

In 1974, Title XX of the Social Services Amendments allocated \$2.5 billion for services to promote adult self-sufficiency, including through child care. This program eventually became the Social Services Block Grant. Several other programs including the AFDC Child Care Guarantee, the At-Risk Child Care program, and the Transitional Child Care program, were implemented under

Title IV-A of the Social Security Act. These initiatives were all created to help support parents in the workforce through child care, and continued to promote child care as a form of work support.

1980s

By the late 1980s, over half of mothers with children under 6 years old were in the workforce.

Sweeping changes to federal funding for early childhood began to take place. In 1990, the Child Care and Development Block Grant (CCDBG) program was developed to provide child care subsidies to working families with incomes too high to receive AFDC support.⁷⁵ While most regulatory aspects were left to states, the CCDBG required states to spend a portion of their funds on quality improvement activities.

Under CCDBG, states:

1. Set eligibility requirements
 2. Conduct monitoring and health and safety inspections
 3. Disburse subsidies to families who use them at the provider of their choice
- 3.

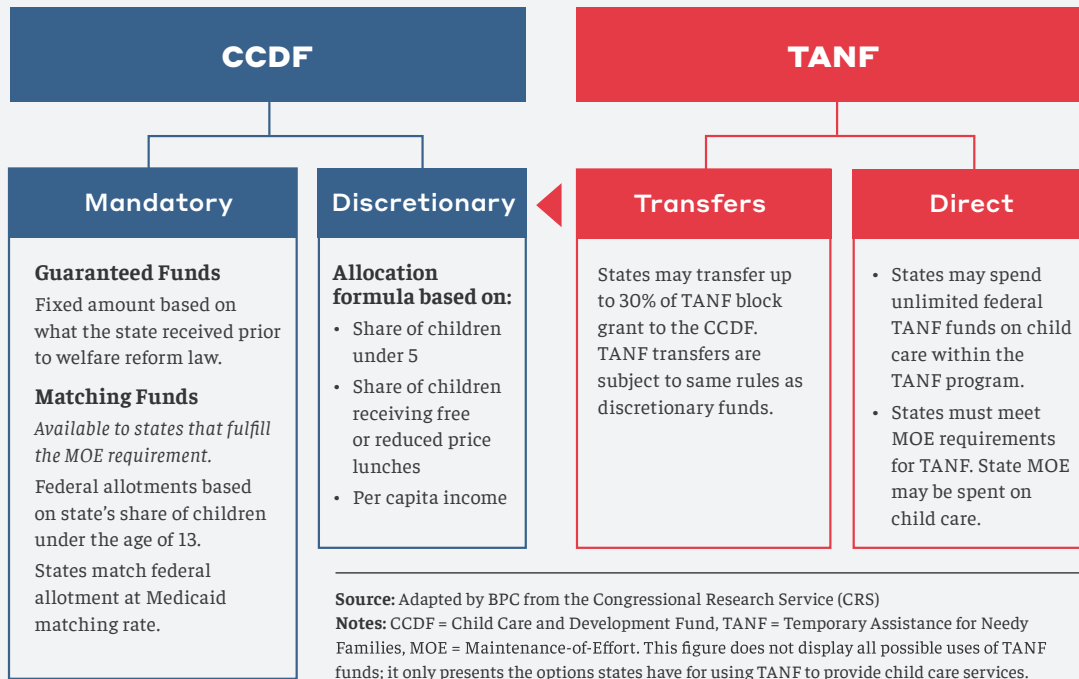
1988

Public support for welfare reform was wide, and in 1988, a new law required most welfare recipients, including mothers with young children, to be working or participating in education or training—a significant shift in how eligibility would be calculated.

1996

Building on this change in public sentiment, in 1996, then-President Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) into law, which brought sweeping welfare reforms to the nation. It replaced the AFDC with the Temporary Assistance for Needy Families (TANF) program, which now provides cash assistance and social services, including child care subsidies, to low-income families.⁷⁶

CCDF AND TANF CHILD CARE FUNDING STREAMS⁷⁷

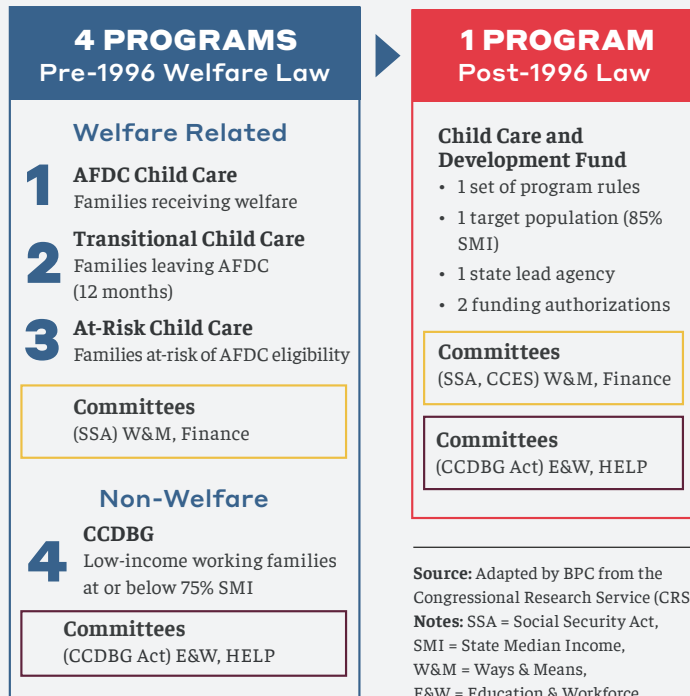


2007

In 2007, then-President George W. Bush signed the Improving Head Start for School Readiness Act of 2007 into law, which included significant changes to the program. Most notably, the law moved away from the previous practice of giving Head Start grantees awards with no end dates and instituted a five-year designation period.⁷⁸ After five years, the grantee must show it is delivering high-quality, comprehensive services. If it does not meet that requirement, the grant is opened for re-competition. This process is known as the Designation Renewal System.

Today, states may transfer up to 30% of TANF funding to CCDBG and may also choose to spend TANF funds directly on child care.

LEGISLATIVE EVOLUTION OF THE CCDF ⁷⁹



Source: Adapted by BPC from the Congressional Research Service (CRS)
Notes: SSA = Social Security Act, SMI = State Median Income, W&M = Ways & Means, E&W = Education & Workforce

PRWORA reformed the CCDBG program and combined the AFDC child care programs to create the Child Care Entitlement to States (CCES). The CCES provides mandatory child care funding for states and tribes and must be integrated with and spent following CCDBG requirements.⁸⁰ When combined, the funds are called the Child Care and Development Fund (CCDF), which is the largest source of federal funding dedicated to helping low-income, working families access child care.⁸¹ The evolution of these programs, as illustrated by this figure, are the basis of current federal funding streams for child care.

Public perception of the purpose of federally funded child care has undergone a major shift. Over the last two decades, a better understanding of children’s brain development and research into the quality of a child’s early experiences has led to bipartisan interest in early childhood programs to improve a child’s outcomes later in life.



2014

In 2014, CCDBG was reauthorized and included new requirements to improve health and safety of child care programs and better support stability for families and child care providers. Also, in 2014, Congress appropriated funds for the Early Head Start-Child Care Partnership program which provides grants to Early Head Start programs and child care providers who work together to improve the quality of care for infants and toddlers.⁸² These changes to these monumental early childhood programs have revitalized a commitment to fostering quality early childhood development.

2018

As support for these programs has grown, so has their funding, both at the federal and state levels.

CCDF Program

In 2018, Congress increased funding for the CCDF program by \$2.4 billion to \$8.1 billion, the largest-ever single-year increase, and an increase from \$4.9 billion in 2008.⁸³ In FY2018, CCDF served an average of 1.3 million children and 813,200 families each month.⁸⁴

Head Start Programs

Similarly, Head Start saw an increase from \$6.8 to \$10.6 billion over those 10 years. In 2018, Head Start and Early Head Start programs served over 1 million children from birth to 5 years old⁸⁵ and their families across the country.

2020

In March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. This relief package included \$3.5 billion in emergency funding for CCDBG to help states provide child care assistance to frontline workers and stabilize the child care market. Following this, in December 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) was signed into law, which provided an additional \$10 billion to support the stability of the child care sector and provide relief to working parents.

The American Rescue Plan Act of 2021 was signed into law in March 2021. The ARP includes multiple provisions to address the fragility of the child care market and challenges facing working parents during the pandemic, including \$14.99 billion in emergency relief to states through CCDBG and \$23.975 billion for a new child care stabilization grant program. The ARP also includes an annual increase of \$633 million to CCES for a total annual allocation of \$3.55 billion. This represents the first increase to CCES since FY2006.

Competitive Grant Programs

In recent years, several competitive grant programs have been created to encourage better coordination of existing early childhood programs, to combat the patchwork approach. Due to their competitive nature, not all states apply for, let-alone receive, these grants.

Race to the Top-Early Learning Challenge

The Race to the Top-Early Learning Challenge provided competitive grants to 20 states between 2011 and 2013 aimed at improving the quality and integration of early learning programs and increase the number of low-income children in high-quality settings.⁸⁶

Preschool Development Grants

Between 2014 and 2018, the Preschool Development Grants (PDGs) were administered by the Department of Education and provided funding to 18 states to improve their capacity to develop, enhance, or expand high-quality preschool programs.⁸⁷ The passage of the Every Student Succeeds Act of 2015 established a new version of PDGs, administered by the Department of Health and Human Services. The new version is known as Preschool Development Grant Birth through Five (PDG B-5) and is designed to improve states' early childhood systems by coordinating and building on existing programs.⁸⁸

Over the course of their tenure, this patchwork of federally funded child care programs has slowly evolved into a broader network of programs, which support the dual purposes of helping parents work and supporting children's development.