



Federal Child Care Policy, Explained: Part I

Child Care and Development Fund, Head Start, and Preschool Development Grants

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IN BRIEF

Child care and work: Affordable child care is critical for parents' ability to work and achieve economic stability, but high costs often limit access for many families.

Federal programs that help: Key federal supports—including CCDF, Head Start, and PDG B-5—help low-income families afford care while strengthening state child care systems.

What this explainer covers: This brief outlines how these three major programs work and is the first in a series on federal child care policy.



Child care is essential for parents to participate in the workforce, achieve economic stability, and raise thriving families. Many rely on a wide range of child care arrangements to meet their diverse needs and circumstances, but the cost of care often exceeds what families can afford – limiting access and constraining parents' ability to work.

The federal government administers several child care and early learning programs and funding streams that support working families, particularly low-income families, in accessing and affording quality child care; and support states in bolstering the supply of child care alongside public and private investments.

This explainer explores the three main child care support programs, Child Care and Development Fund (CCDF), Head Start, and Preschool Development Grants Birth to Five (PDG B-5); and is the first in a three part series outlining key federal programs impacting families' experiences navigating the child care field. [Click here](#) to read Part II and Part III.



CHILD CARE AND DEVELOPMENT FUND (CCDF)

The Child Care and Development Fund (CCDF) is the primary federal funding source supporting states in helping low-income working families access child care. [Eligible children](#) must be under 13 years old and live in a household with parents who are working or participating in an approved education or job-related training activity. Families are subject to income eligibility ceilings set at no more than 85% of their state's median income; though states may, and [often do](#), set lower eligibility thresholds.

CCDF is funded through two statutory authorities: discretionary funding provided under the Child Care and Development Block Grant Act (CCDBG) and mandatory funding provided through the Social Security Act's Child Care Entitlement to States (CCES). These funds are awarded and administered to states as a single program, with CCDBG establishing the primary program requirements that apply across CCDF funding. Program funds are overseen by the Office of Child Care (OCC) within the Administration for Children and Families (ACF) at the U.S. Department of Health and Human Services (HHS).

States use CCDF funds to help eligible families pay for child care so they can work or attend education or job training, and for activities that improve the stability, supply, and quality of child care services in the state.



CHILD CARE AND DEVELOPMENT BLOCK GRANT (CCDBG)

The [Child Care and Development Block Grant Act of 2014](#) is the primary federal statute that establishes program requirements for the Child Care and Development Fund and authorizes its discretionary funding. As a discretionary program, funding is subject to annual appropriations by Congress and may fluctuate. In fiscal year 2026, Congress appropriated [\\$8.83 billion](#) for the program.

Funding is allocated to states based on three components: (1) the number of children under age 5, (2) the number of children eligible for free or reduced-price school lunch, and (3) per capita income, relative to other states.



CHILD CARE ENTITLEMENT TO STATES (CCES)

Child Care Entitlement to States, authorized under Section 418 of the [Social Security Act](#), provides states with a base level of mandatory funding. That amount is determined using each state's historical child care spending levels under three predecessor assistance programs from the mid-1990s. A state's base entitlement is set at the greater of its fiscal year 1994 or 1995 funding level, or the average of its funding levels from fiscal years 1992 through 1994.

In addition to base mandatory funding, states may receive federal matching funds if their child care expenditures in a fiscal year are equal to or exceed the historical amount spent from fiscal year 1994 or 1995 (whichever is greater; also referred to as a maintenance of effort). States can receive matching funds up to a state-specific allotment established in statute. Federal matching payments are made at each state's Federal Medical Assistance Percentage (FMAP) and are subject to a fixed national authorization level set in statute. Together, mandatory and matching funds make up the total amount of CCES funding available nationally in a given fiscal year— totalling approximately [\\$3.55 billion](#) in recent years.



HEAD START

Head Start is a federally funded early childhood program that supports the positive development and early learning of children from low-income families. Administered by the Office of Head Start (OHS) within ACF at the Department of Health and Human Services, Head Start is comprised of three individual programs with varying funding specifics and service populations: Head Start, Early Head Start, and Early Head Start-Child Care Partnerships.

Head Start

The largest program, Head Start, provides grants directly to local public and nonprofit organizations to deliver comprehensive early learning, health, nutrition, and family support services to improve the school readiness of eligible three-and-four year olds. Children are eligible for Head Start services if their family's household income is at or below the federal poverty level, or if they participate in public assistance services, such as TANF or the Supplemental Nutrition Assistance Program (SNAP).

Early Head Start

The Early Head Start program serves low-income infants and toddlers from birth to age three, as well as pregnant women, and focuses on promoting early development, family engagement, and health outcomes during the earliest years of life. Like Head Start, Early Head Start grants are awarded directly to local public and nonprofit organizations and are federally administered.

Early Head Start–Child Care Partnerships (EHS-CCP)

Early Head Start–Child Care Partnerships is a program designed to expand access to quality, full-day, full-year care for infants and toddlers by partnering Early Head Start programs with child care providers that meet [Head Start Program Performance Standards](#). These partnerships blend Early Head Start funding with other child care funding sources, including CCDF, and are intended to align early learning, health, and safety standards across programs. Unlike Head Start and Early Head Start, which are standalone early learning programs, EHS-CCP is designed to coordinate service delivery across early learning and child care systems.

Unlike CCDF, which includes both discretionary and mandatory funding streams, Head Start, Early Head Start, and EHS-CCP are funded through a single discretionary appropriations line item — Head Start. In fiscal year 2026, the programs are funded at [\\$12.36 billion](#).



PRESCHOOL DEVELOPMENT GRANTS BIRTH THROUGH FIVE (PDG B-5)

Authorized in the [Every Student Succeeds Act of 2015](#), PDG B-5 provides competitive grants to states to strengthen the planning, coordination, and governance of their mixed-delivery child care and early learning systems. Administered jointly by the Department of Health and Human Services and the Department of Education, PDG B-5 grants can be used for a wide-range of activities.

PDG B-5 does not provide direct child care assistance or preschool services to families; rather, states use funds to better align existing federal, state, and local funding through innovative solutions and localized efforts to improve access and quality for families. In fiscal year 2026, the program is funded at [\\$315 million](#).

