

Understanding Child Care Funding Streams

A Guide for Family Child Care Educators, Allies, and Advocates

Family Child Care (FCC) programs—small, home-based child care businesses—play a vital role in the early care and education system. Yet, the funding landscape can be complex. This guide offers a clear breakdown of the major public funding streams that support child care and how they apply to FCC programs.

Child Care and Development Block Grant (CCDBG)

What it is:

The Child Care and Development Block Grant (CCDBG) is the primary federal funding source for child care assistance. It provides money to states to help low-income families access child care and to support quality improvements in the early childhood system.

How it applies to FCC:

- FCC educators may receive payment through state child care assistance (subsidy) programs funded by CCDBG.
- Payments are made on a per-child basis, typically according to the state's rate schedule for FCC settings.
- FCC providers may also benefit from grants, training, and technical assistance supported by CCDBG.
- States use CCDBG funds to support professional development, licensing, safety requirements, and quality initiatives, which FCC educators can access.

What to watch:

- Payment structures vary by state (e.g., based on attendance vs. enrollment).
- Reimbursement rates for FCC are often lower than center-based programs, creating inequities in funding.
- Accessing funding may involve licensing requirements and administrative paperwork that can be challenging for FCC programs.



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Child and Adult Care Food Program (CACFP)

What it is:

CACFP is a federal program that reimburses child care providers for serving nutritious meals and snacks to children. It is administered by the U.S. Department of Agriculture and managed at the state level.

How it applies to FCC:

- FCC educators can participate in CACFP by enrolling through a CACFP sponsor organization or directly with the state (in some cases).
- The program reimburses for eligible meals and snacks, using a two-tier system:
 - Tier I: Higher reimbursement for providers in low-income areas or whose own income qualifies.
 - Tier II: Lower reimbursement for others.
- Providers receive nutrition education and support as part of the program.

What to watch:

- Some FCC educators face barriers to participating, such as lack of a local sponsor, administrative burden, or unclear eligibility.
- There is ongoing policy advocacy to simplify access and eliminate disparities between Tier I and Tier II.

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State Child Care Subsidy Programs

What it is:

Each state operates its own child care assistance program using a combination of federal (primarily CCDBG) and state funds. These programs provide tuition support for families who meet income and work-related eligibility criteria.

How it applies to FCC:

- FCC educators can enroll as approved subsidy providers to receive payment for caring for eligible children.
- Reimbursement rates vary by state, region, child's age, and provider type (FCC, center, etc.).
- Some states provide contracts or grants to FCC programs in addition to per-child payments.

What to watch:

- Payments may not reflect the true cost of care, especially for infants and toddlers.
- States may have complex enrollment processes, delayed payments, or other administrative hurdles.
- Some states offer bonus payments, higher rates for quality-rated providers, or special contracts for underserved areas.



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Additional Considerations for FCC Educators

- **Eligibility Requirements:** Many funding streams require FCC providers to be licensed or meet specific regulatory standards.
- **Mixed Delivery Systems:** FCC programs are often included in state Pre-K or quality improvement systems, but may face barriers to full participation.
- **Advocacy Opportunity:** FCC educators and advocates are pushing for funding models that reflect the unique realities of home-based care—such as longer hours, smaller group sizes, and limited staffing.