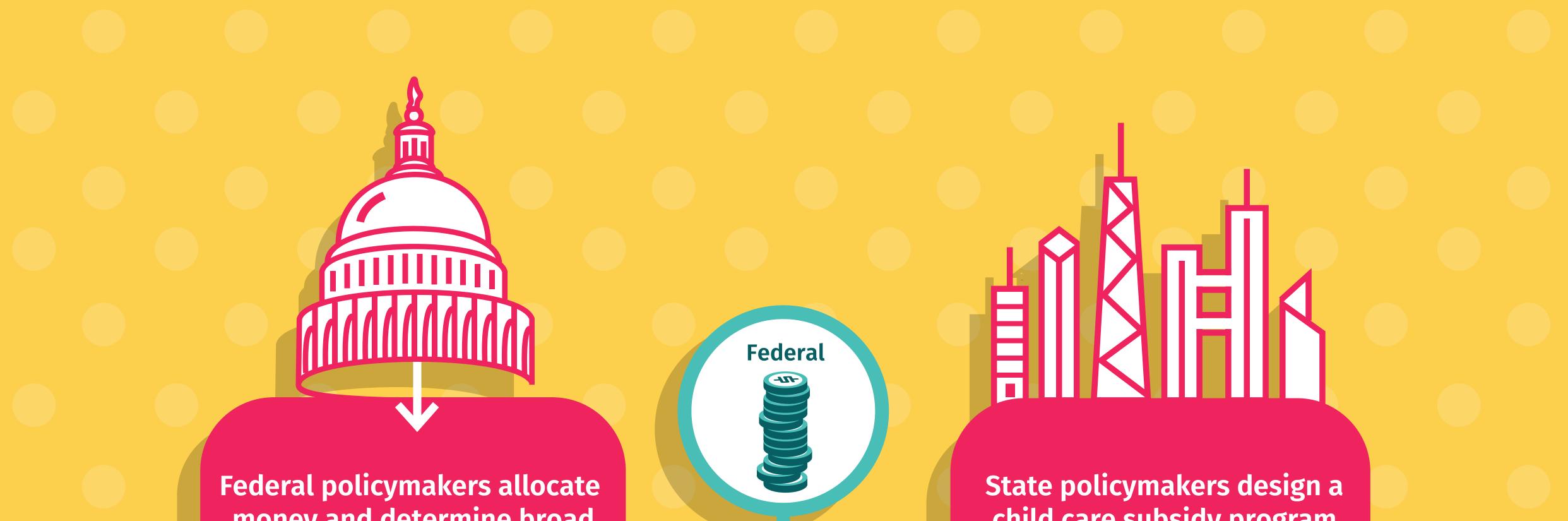
How Do Child Care Development Block Grants Work?



money and determine broad rules for state child care subsidy programs. States receive part of the allocation based on a formula.

e. Family Co-Payment Subsidy child care subsidy program and determine who will be eligible based on factors like household income.

Federal

State

Many states reimburse child care providers at less than the market rate. When providers choose to serve families that are able to pay more, it can limit other families' options.

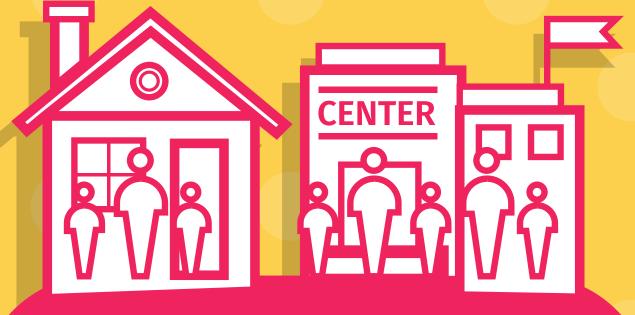
Eligible families can apply for a subsidy. Families receiving a subsidy are typically responsible for an incomebased co-payment.

Federal

Family

State

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Families with subsidy access choose their child's care provider. Some states limit parents' options based on a provider's quality rating.

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Combined state and federal funding only serves a fraction of eligible families.

Federal Reserve Bank of Minneapolis, 2019