



NATIONAL CENTER ON

Subsidy Innovation and Accountability



# FY 2019 National Program Integrity Webinar Series

Webinar #3: CCDF Fiscal Fundamentals

May 28, 2019 – 3:00 EST

# Call Logistics

- Interactive sessions with multiple breaks for Q & A's
- If you're using the Phone Call option, you **MUST** enter your audio PIN in order to be heard
- If you'd like to ask a question, raise your hand or type in questions and comments using the "Questions" panel
- For PowerPoint or registration issues – [kwatts@wrma.com](mailto:kwatts@wrma.com)

# Introductions

## National Center on Subsidy Innovation and Accountability



**Ann Renaud Avila**

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Fiscal SME



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# Welcome from the Office of Child Care

**Dr. Ellen Wheatley**

Deputy Director of the  
Office of Child Care



# Agenda



## Overview – Fiscal Fundamentals of CCDF

1. CCDF overview
2. Federal Funding Overview
3. Federal Requirements and Allowable Uses of CCDF
4. Budget Constraints
5. Additional Budget Considerations
6. Guidance for New State Administrators and Succession Planning



# CCDF Overview

# What is the CCDF Program?

The CCDF program is mainly comprised of three broad and overlapping areas:



# Example of How Subsidy Payments Work



**Parent**



**Eligible  
child**



**Certificates/  
Vouchers  
and family  
contribution**



**Eligible  
Provider**



**Provider  
and child**

# CCDF Basics

Direct child care services are provided by states/territories/tribes:

To eligible children based on federal CCDF requirements

Using child care certificates, grants or contracts

Using a sliding fee scale for family copayments

With priority for children of families with very low incomes, children experiencing homelessness, and children with special needs or vulnerable populations



# Federal Funding Overview

# CCDF Federal Funding History

The Child Care and Development Block Grant (CCDBG) Act is established to meet the child care needs of low-income working families.

1990

The Child Care Development Fund is reauthorized through the CCDBG Act. Section 418 of the Social Security Act, which governs CCDF mandatory funds, is also renewed.

2014

The Personal Responsibility and Work Opportunity Reconciliation Act replaces Aid to Families with Dependent Children (AFDC) and establishes CCDF.

1996

New rules for the CCDF program are published for the first time in 18 years.

2016

# Federal Funding Streams

## CCDF Funding Streams Overview

Available to states, tribes and territories?

How are funds allocated to states/territories/tribes?

State Match or Maintenance of Effort (MOE) Required?

Require an appropriation by Congress?

## Mandatory (CCDF Reg § 98.62)

Available to states and tribes only

States: Based on funding for AFDC-linked child care programs from 1990s  
Tribes: Tribal Formula

No

No

## Matching (CCDF Reg § 98.63)

Available to states only

Based on: # of children in state under age 13 compared to the national total under age 13

Yes, State Match and MOE

No

## Discretionary (CCDF Reg § 98.61)

Available to states, territories and tribes

Based on: Free/reduced lunch ratio; per-capita income; # of children under age 5

No. These funds, however, typically cannot be used to replace or supplant existing state funding for child care.

Yes

# Federal Reporting Requirements

## Federal Reports

What's included?

How often is data reported to the federal government?

How is it used and by whom?

### ACF-801

Case level data on the recipients of CCDF

Monthly or Quarterly

For research on the status of CCDF services in the United States. The Secretary of the U.S. Department of Health and Human Services is required to report biennially to Congress.

### ACF-696

Financial data on CCDF expenditures, including estimates and expenditures for the Mandatory, Matching and Discretionary funds

Quarterly

Reported to the U.S. Department of Health and Human Services to ensure funds are being spent in accordance with the CCDBG Act.

### Quality Progress Report (QPR)

Information on state/territories efforts to increase access to high-quality child care

Annually

To describe state priorities and strategies on quality child care activities to key stakeholders, such as Congress; federal and state administrators; providers; parents; and the public.

### ACF-404

Error and improper payment findings and analyses from case reviews

Three-year cycle

Reported to the Department of Health and Human Services to identify programs and activities that may be susceptible to significant improper payments and reduce future improper payments.

# Other Federal Funding Streams

Child care funding can be paired with other federal funding streams to create a strong system of supports for working families.

CCDF funds can and are required to be used to support TANF eligible families



CCDF funds can also be used to support families that are in workforce programs through their labor and employment offices



Some states intentionally co-locate and leverage CCDF, TANF and workforce funded programs to support families in a seamless manner



\*The following slides apply primarily to states/territories. Tribal funding is not subject to the same requirements.

# Federal Requirements and Allowable Uses of CCDF

# Requirements and Allowable Uses for CCDF

TANF Eligible  
Families

Quality  
Activities

Child Care  
Services

Limits on  
Administration

Child Care  
Resource and  
Referral  
Networks  
(CCR&R)

Priority  
Populations

# TANF Eligible Families

At least 70% of mandatory and federal/state share of matching funds must be spent on families who are:

Receiving Temporary Assistance for Needy Families (TANF).

Making efforts through work activities to transition off of TANF.

At risk of becoming dependent on TANF.

# Quality Activities

Of the aggregate mandatory, matching and discretionary funds expended by a state or territory:

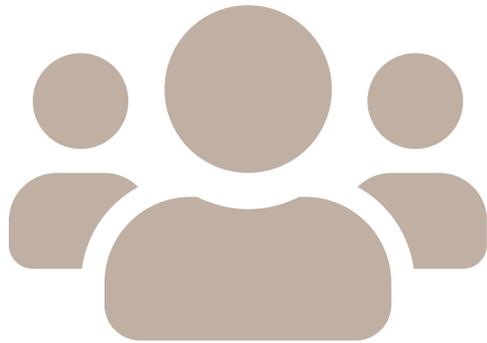
At least 8% in FFY 2019, and 9% of funds in FFY 2020 and beyond shall be used for quality child care activities.

An additional 3% shall be used for quality activities for infants and toddlers.

These are minimum levels. Lead Agencies may reserve more dollars for quality activities.

# Child Care Services

From the remainder of the discretionary allotment (after spending on quality), states/territories must spend at least 70% to fund direct child care services.



Of all remaining funds after meeting the spending requirements above, a substantial portion of funds must be used to support direct child care services for low-income families who are working or in training or education.

# Limitations on Administration

Lead Agencies may spend up to 5% of the aggregate funds (Mandatory, Matching and Discretionary) from each fiscal year's allotment on administrative costs, including:

Program Administration  
(e.g. salaries and benefits)

Travel costs incurred  
for official business

Administrative services  
(e.g. accounting services)

Other costs  
(e.g. rental equipment, utilities  
and office supplies)

Indirect costs  
(i.e. costs other than direct  
services, such as rent and  
overhead)

# Activities not counted toward 5% limit on administrative costs

Establishment and maintenance of computerized child care information systems

Establishing and operating a certificate program

Eligibility determination and redeterminations

Preparation and participation in judicial hearings

Child care placement

Training for Lead Agency or sub-recipient staff on billing and claims processes associated with the subsidy program

Reviews and supervision of child care placements

Activities associated with payment rate setting

Resource and referral services

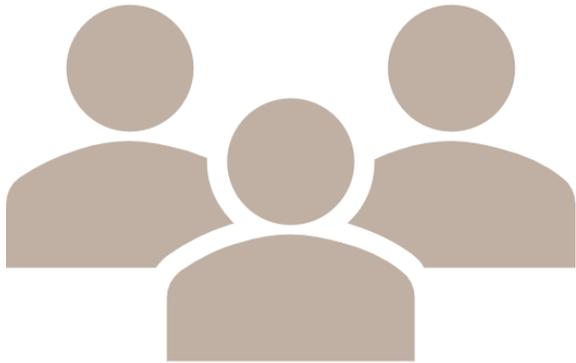
Training for child care staff

Recruitment, licensing, and inspection of child care providers

Improper payment process and investigation/recovery of improper payments

# Child Care Resource and Referral Networks (CCR&R)

Lead Agencies may use CCDF funds to establish or support a system of local or regional CCR&R organizations.



A lead organization can be established to manage the network, and may be a statewide public or private nonprofit, or a community-based or regional organization.

# Priority Populations

CCDF final rule requires that priority be given to families with children with special needs, which may include *any* vulnerable populations as defined by the Lead Agency.



Special populations to consider include:

Children of families with very low income

Children and families experiencing homelessness

Children with special needs or deemed vulnerable by the Lead Agency (ex. Child Protective Services)

# Priority Population: Families Facing Poverty

Lead Agencies must prioritize increasing access to high-quality child care to people that live in areas that have:

A significant concentration of poverty and unemployment, and,

An insufficient number of high-quality programs.

# Priority Population: Children Experiencing Homelessness

Lead Agencies must spend funds on activities that improve access to quality child care for children who are experiencing homelessness. This includes:

Specific outreach to families experiencing homelessness.

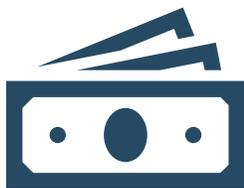
Training and technical assistance for providers and appropriate staff to increase their understanding of identifying and serving children and families experiencing homelessness.

Procedures that permit enrollment (after an initial eligibility determination) while required documentation is obtained. This includes grace periods for compliance with immunization and other health and safety requirements.

# Priority Population: Special Needs/Vulnerable Populations as Defined by Lead Agency

(Ex. children with special needs)

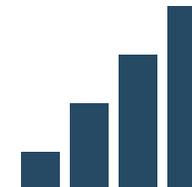
If a family has a child with special needs, a Lead Agency has the discretion to:



Waive copays/fees  
for the family



Implement  
differential payment  
rate for providers



Offer lower copay  
based on sliding  
fee scale

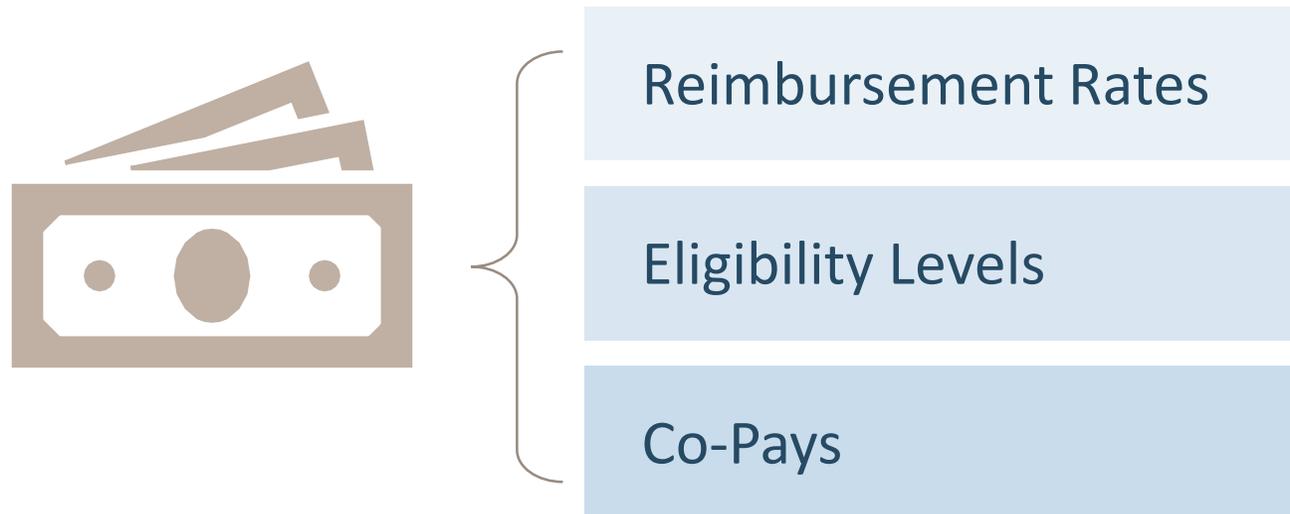


Considerations for states, territories, and tribes with limited funding

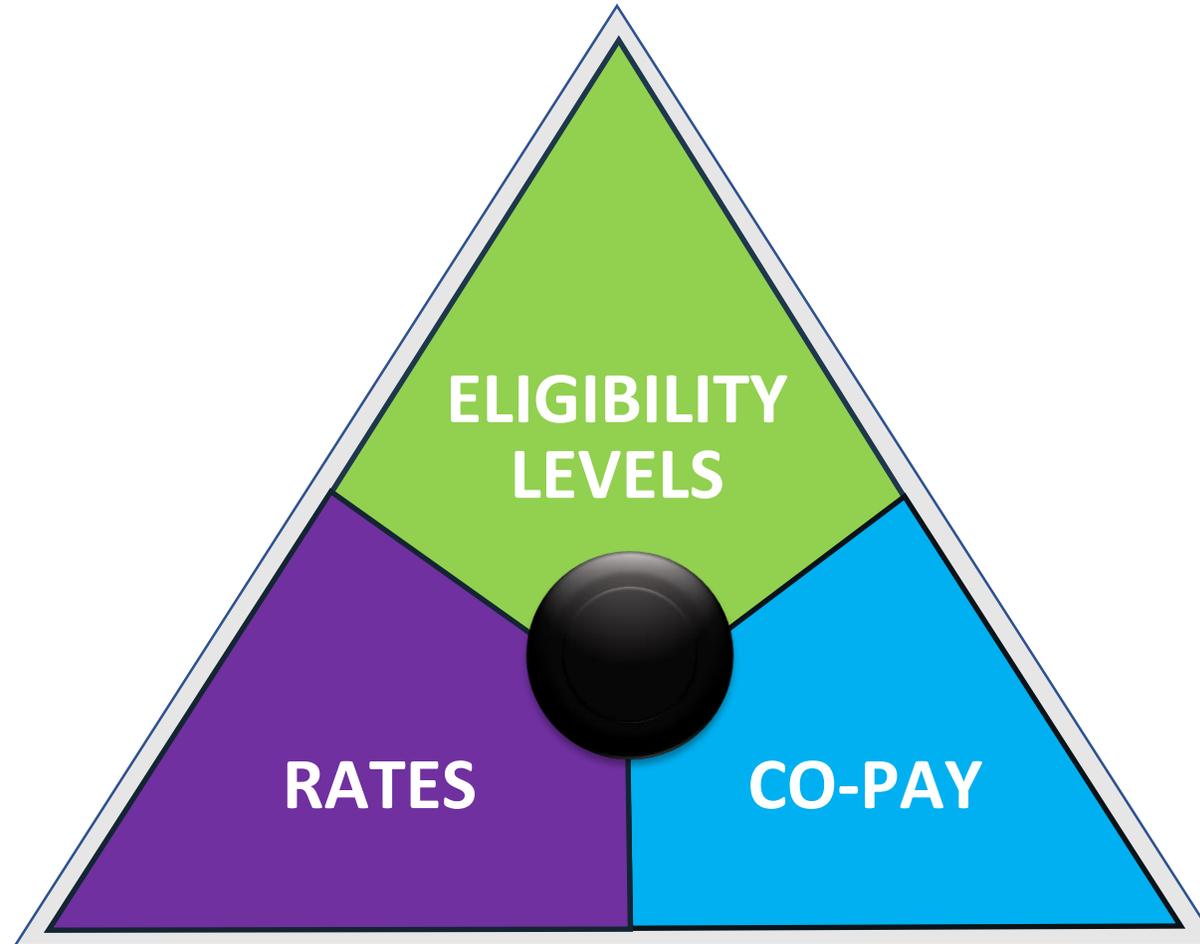
# Budget Constraints

# Competing Budget Priorities

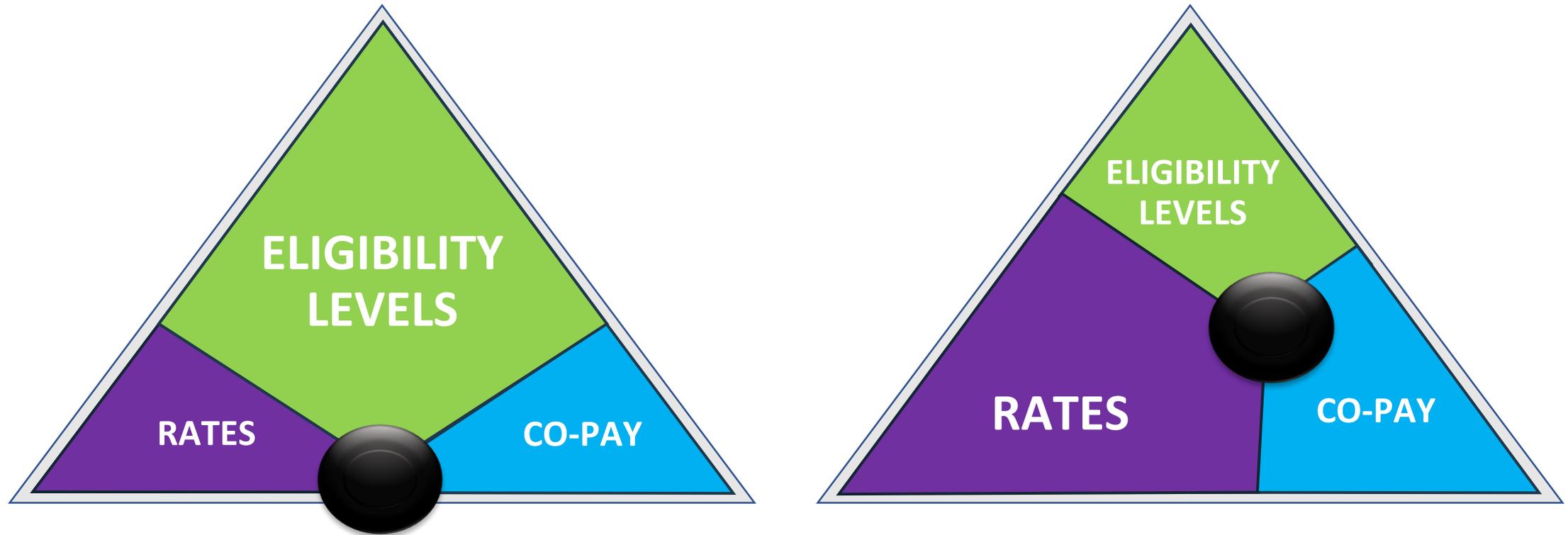
When limited funding exists, tough budget decisions may need to be made. Variance in three factors can impact the ability of Lead Agencies to support high-quality care:



# CCDF Budget Priorities



# Budgetary Constraints



# Resources for Decision Making

Lead Agencies can utilize internal administrative data, as well as research to help guide their decision-making when considering how to prioritize limited funding.

Examples of information that can be used to guide decision-making include:



State and federal CCDF  
data reports



Evidence-based or  
best practice research



Cost/Benefit Analysis



# Additional Budget Considerations

# Additional Considerations in Fiscal Management



Equal Access



Quality Child  
Care



Cliff Effect

# Equal Access



Payment rates for child care services must be sufficient to ensure equal access for CCDF eligible families to services comparable to those provided to families not eligible to receive CCDF assistance.

Market rate surveys must be regularly conducted to ensure providers are being paid at a rate that is comparable to the local market.

Payment rates that are too low can be a barrier to families accessing quality providers.

# How to Increase Access to Quality Child Care

Increase financial assistance to families

Increase access to quality providers

Increase access to quality information

Support the early childhood workforce

Make it easier for providers to improve their programs



# Mitigating the Cliff Effect

Strategies to combat the cliff effect:

For families in graduated phaseout, create a gradual reduction of benefits as salaries increase, such as through a sliding fee scale.

Reconsideration of what qualifies as countable income for families.



# Guidance for New State Administrators and Succession Planning

# Succession Planning

To support onboarding and succession planning for CCDF Administrators, Lead Agencies should consider mapping out and documenting where CCDF resources can be found and who is responsible for these activities.

Institutional Knowledge  
(staff who currently or recently worked with specific components)

Budget personnel  
(e.g., responsible for submitting CCDF financial reports, caseload/cost per case projections, approve payments, budget monitoring, audits)

Program staff responsible for:

- Subsidy management
- Grants/Contracts
- Program Integrity
- Error Rate Review
- Quality Child Care and Tiered Reimbursements

# Succession Guidebook

A helpful tool for Lead Agencies that may outline:

The roles and responsibilities of CCDF staff

The state's CCDF structure (e.g. state supervised, county administered)

A description of projects and programs CCDF staff oversees (e.g. details on Market Rate Surveys)

Key interagency and community-based partnerships (including MOU's, contracts) for CCDF- and early childhood-related initiatives.



# Technical Assistance Examples

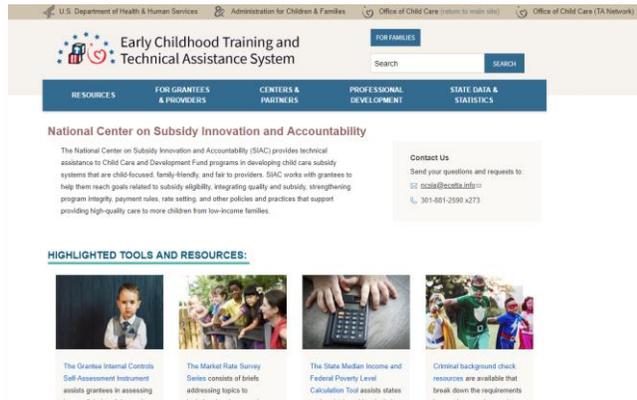


If a state administrator would like to make changes to the state's eligibility levels, where can they go for technical assistance?

What do other states' copayment scales look like?  
How can I get examples?



# Useful Links



## NCSIA

<https://childcareta.acf.hhs.gov/centers/national-center-subsidy-innovation-and-accountability>



## CCDF Resource Guide

<https://www.acf.hhs.gov/occ/occ-guide-to-ccdf-resources>

# What's Next?

## Resources In Development:

- CCDF Excel Budgeting Tool
- TA Opportunities –
  - How to Work with your Budget Office
  - How to Talk to your Legislators
- Detection and Enforcement Sections of the Fraud Toolkit

Please complete the evaluation and provide feedback on the items discussed today.

Next Webinar:

September 10<sup>th</sup>  
3:00 - 4:00 PM  
(EDT)



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# Thank you!

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