



NATIONAL CENTER ON
Subsidy Innovation and Accountability



FY 2020 CCDF Fiscal Fundamentals

Webinar #1: CCDF Fiscal Capacity Building Series

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Introductions

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Agenda



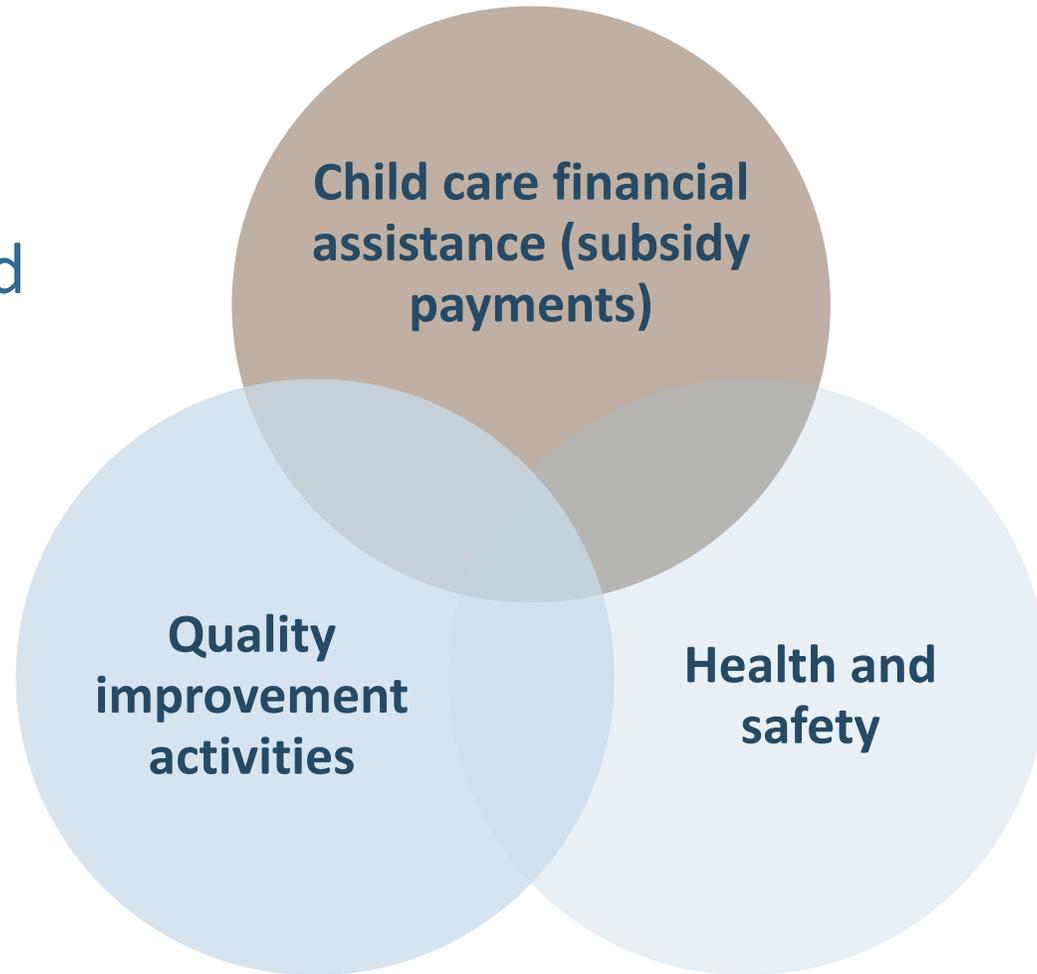
1. What is the CCDF program and how does it work?
2. What are Lead Agencies required and/or allowed to spend funding on?
3. What populations receive priority for funding?
4. What does a Lead Agency need to report to the federal government on their CCDF program?
5. What should a Lead Agency consider with a limited CCDF budget?
6. Tips and Resources



What is the CCDF program and how does it work?

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 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

1996

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

2016

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

Federal Funding Streams

CCDF Funding Streams Overview

Available to states, tribes and territories?

How are funds allocated to states?

State match or maintenance of effort (MOE) required?

Require an appropriation by Congress?

Mandatory (CCDF Reg § 98.62)

Available to states and tribes only.

Based on funding for now repealed AFDC-linked child care programs from 1990s.

No.

No.

Matching (CCDF Reg § 98.63)

Available to states only.

Based on the number 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, the number of children under age five.

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

Yes.

When do funds need to be spent by?

Obligation and Liquidation Periods

When must funds be obligated (i.e. committed)?

When must funds be liquidated (i.e. paid)?

Mandatory

One Year

If a state does not request matching funds, however, the mandatory funds are available until expended.

No time limit

Matching

One Year

Both the federal and non-federal share of the matching funds must be obligated by the end of the fiscal year in which the matching funds are awarded.

One Year

Funds must be liquidated by the end of the following (second) fiscal year.

Discretionary

Two Years

Discretionary funds must be obligated in the fiscal year in which they are awarded, or in the following fiscal year.

One Year

Any discretionary funds unliquidated by the end of the first two fiscal years, must be liquidated by the end of the following fiscal year (the third fiscal year).

What happens to unspent funds?

Redistribution and Reallotment

When are funds redistributed or reallotted?

What makes a state eligible to receive redistributed or reallotted funds?

Matching

Any portion of the matching fund granted to a state that is not obligated in the period for which the grant is made shall be redistributed.

States that have met the matching fund requirements outlined in 98.55(c) of CCDF regulations are eligible to receive funds and must request the funds on the ACF-696.

Discretionary

Any portion of a state's discretionary fund allotment that is not required to carry out its Plan, in the period for which the allotment is made available, shall be reallotted to other states.

If the amounts reported by states as available for reallotment are greater than \$500 for an individual state, or \$25,000 in total for all states, then funds shall be reallotted to states in proportion to their original allotments.

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. TANF funds can also be transferred to support CCDF 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.

Let's Talk About It

- What questions do you have about the CCDF basics?
- Do any Lead Agencies currently use other funding streams to support their CCDF programs? If so, what are they?





**What are
Lead Agencies
required
and/or allowed
to spend
funding on?**

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)

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:

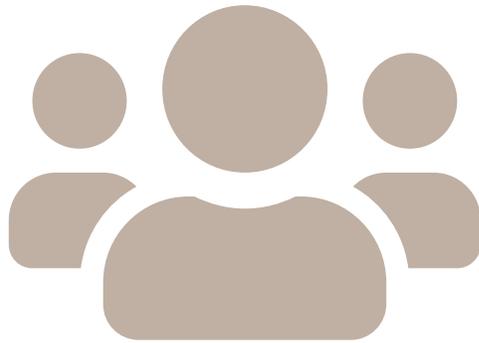
At least 9 % of funds in FY 2020 and beyond shall be used for quality child care activities.

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 and the allowed 5 % administrative cap), 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.

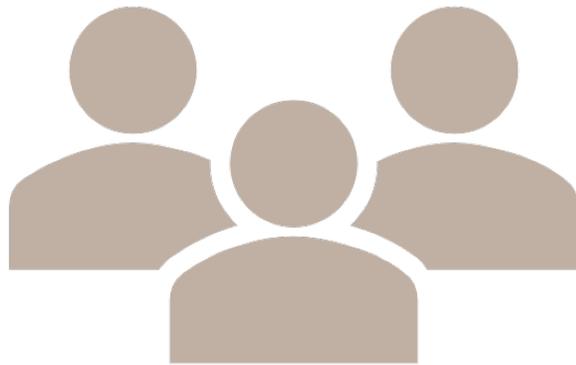
Training for child care staff.

Recruitment, licensing, and inspection of child care providers.

Improper payment process and investigation/recovery of improper payments.

Child Care Resource and Referral Networks

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.

Let's Talk About It

- What questions do you have about how CCDF funds can be used?
- With the recent increase in discretionary funds in 2018, how did your Lead Agency choose to spend these funds? Have there been any issues with spending these funds on direct services?





**What
populations
receive
priority for
funding?**

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.

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.

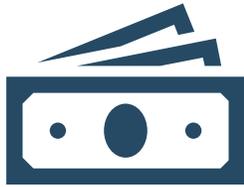
Training and technical assistance for providers and appropriate staff to increase their understanding of identifying and serving children and families experiencing homelessness.

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)

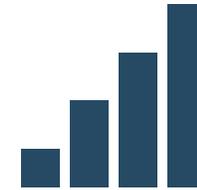
If a family has a child with special needs, a Lead Agency has the discretion to:



Waive copays/fees for the family.



Implement differential payment rate for providers.



Offer lower copay based on sliding fee scale.

Let's Talk About It

- What questions do you have about CCDF priority populations?





**What does a
Lead Agency
need to report
to the federal
government on
their CCDF
program?**

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 (90 days after the end of the month) or quarterly (60 days after the end of each quarter).

For research on the status of CCDF services in the United States. The Secretary of the 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. Reports are due on January 31, April 30, July 31 and October 31.

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

Quality Progress Report

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

Annually. Report is due on December 31.

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. Report is due by June 30th of reporting year.

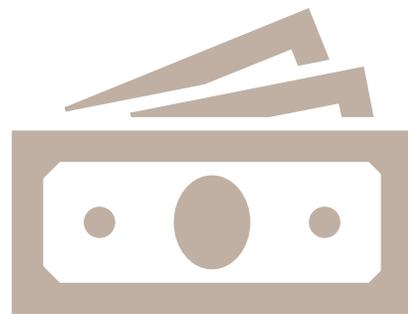
Reported to the Department of Health and Human Services to identify programs and activities that may be susceptible to significant improper payments and reduce future improper payments.



What should a Lead Agency consider with a limited CCDF budget?

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:



Reimbursement Rates.

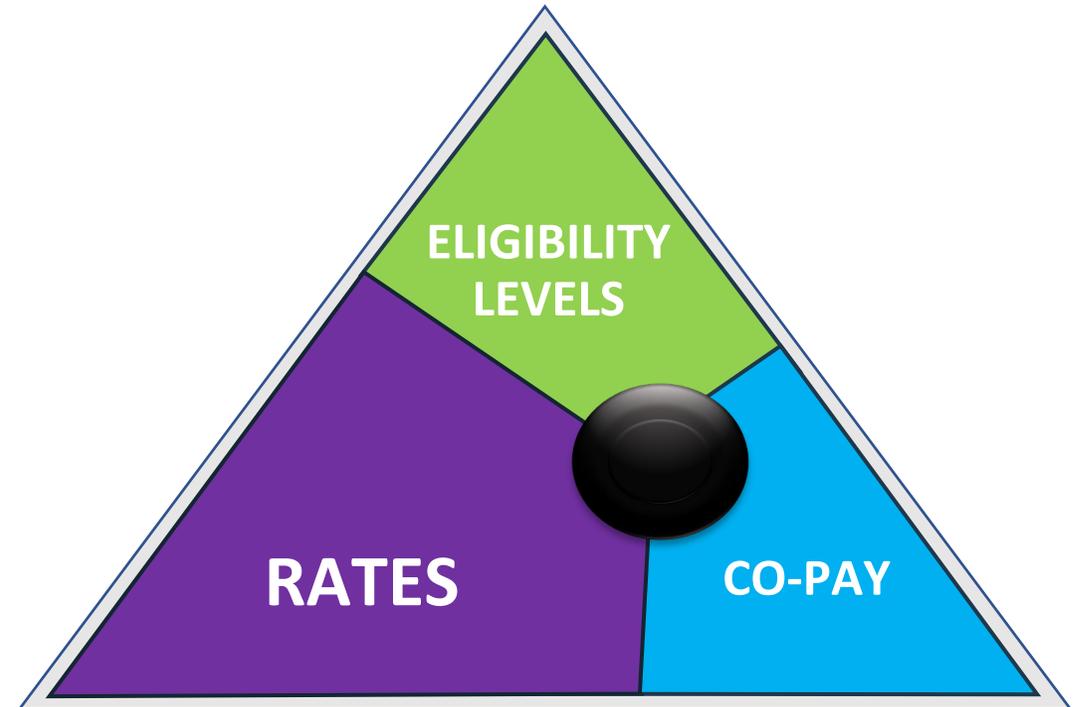
Eligibility Levels.

Co-Pays.

CCDF Budget Priorities



Budgetary Constraints



Let's Talk About It

- What questions do you have about how CCDF funds can be used?
- Does your state or territory face any challenges with adjusting co-pays, eligibility levels, or reimbursement rates due to limited funding?





Tips and Resources

What's Next?

NCSIA is planning the following



Region VIII Fiscal Capacity Building Webinar

Topics may include:

- Maximizing federal funding – including braiding and blending funds.
- What other topics are of interest?



Peer Learning Groups

Topics may include:

- Sound fiscal management processes to ensure program integrity.
- Mitigating the cliff effect.
- Managing competing budget priorities.



CCDF Excel Budgeting Tool

NCSIA will be piloting this tool with up to five states in early 2020.

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' co-payment 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>

Let's Talk About It

- What was most useful from today's presentation?
- What questions do you still have?
- Are there any topics you'd like covered in future webinars?





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Thank you!

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