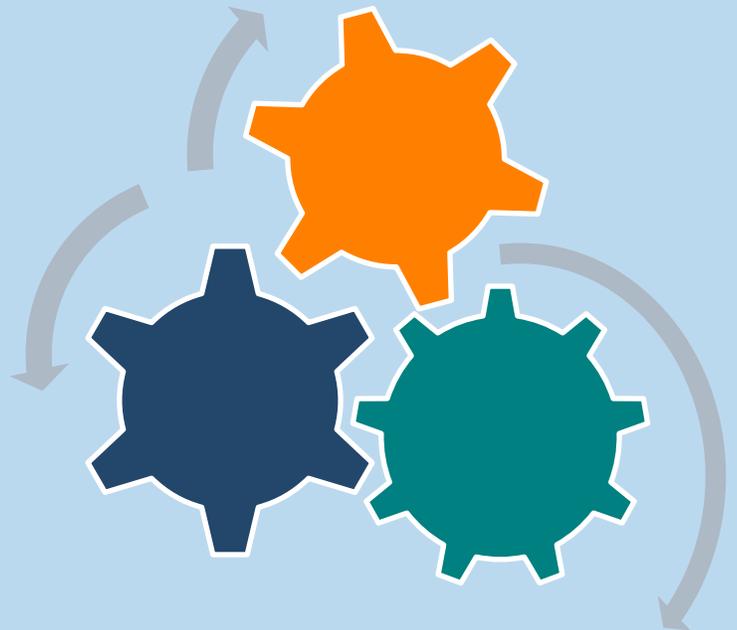




The Fundamentals of CCDF Administration

Resource Guide



Contents

Contents	2
The Fundamentals of CCDF Administration For State and Territory Administrators	1
Welcome	1
Primary User	2
About the Office of Child Care	2
Organization of Content	3
Part 1. Introduction to the Child Care and Development Fund (CCDF)	5
Overview of CCDF	5
History and Purposes of the CCDBG and CCDF	6
The CCDF Program	7
High-Quality Child Care	8
Overview of the CCDBG Statute and Regulations	9
Key Provisions of CCDF	10
Key Roles in the Implementation of CCDF	14
New CCDF Administrator Checklist	17
Organizational Structure and ACF Regions	19
Part 2. Define CCDF Leadership and Coordination with Relevant Systems	21
Introduction	21
CCDF Policy Decision Authority	21
CCDF Plan Development	22
Coordination with Partners to Expand Accessibility and Continuity of Care	23
Optional Use of Combined Funds	24
Public-Private Partnerships	25
Coordination with Local or Regional CCR&R Systems	25
Emergency Preparedness and Response Planning	26
Disaster Planning and Preparedness Resources	28
Tribes and Tribal Organizations	29
State-Tribal Collaboration	29
Tribal Allocations	30
Part 3. Promote Family Engagement through Outreach and Consumer Education	32
Introduction	32
Information about Child Care Financial Assistance Program Availability and Application Process	32
Consumer Education Website	33
Resources for Requirements	36
Additional Consumer and Provider Education Information Requirements (not required on consumer education website)	36
ChildCare.gov	37

Developmental Screenings	38
Additional Resources	39
Part 4. Provide Stable Child Care Financial Assistance to Families	40
Introduction	40
Eligible Children and Families	40
Child Age, Citizenship, and Residence	41
American Indian and Alaska Native (AI/AN) children	41
Parental Activities and Reason for Care	41
Family Income	42
Increasing Access for Vulnerable Children and Families	42
Priority Groups	43
Protective Services	43
Children with Disabilities	43
Families Experiencing Homelessness	43
Building the Supply of Child Care	46
Protection for Working Families	47
Minimum 12-Month Eligibility	47
Job Search and Continuity of Care	48
Fluctuation in Earnings	48
Graduated Phase-Out of Assistance	49
Family Copayment Contribution	49
Additional Resources	50
Part 5. Ensure Equal Access to Child Care for Low-Income Children	51
Parental Choice in Relation to Certificates, Grants, and Contracts	51
Assessing Market Rates and Child Care Costs	52
OCC Approved Alternative Methodology	53
Setting Payment Rates	55
Summary of Facts Used to Determine Payment Rates	56
Payment Practices and Timeliness of Payments	57
Supply-Building Strategies to Meet the Needs of Certain Populations	59
Additional Resources	60
Part 6. Establish Standards and Monitoring Processes to Ensure the Health and Safety of Child Care Settings	61
Summary of Health and Safety Provisions	61
Standards and Licensing Requirements	61
Licensing and Exemptions	62
Child-to-Provider Ratio Standards and Group Size	63
Qualifications for Providers	64
Health and Safety Requirements	64
Resources: Standards and Licensing Requirements	66

Child Abuse Reporting	68
Monitoring and Enforcement Policies and Practices	68
Differential Monitoring	70
Posting Results of Monitoring and Inspection Reports	71
Resources: Monitoring and Enforcement	71
Criminal Background Checks	72
Provider Definitions	72
Components of a Comprehensive Background Check	73
Frequency of Background Checks	75
Disqualifying Crimes	76
Privacy Requirements	77
Appeals Process	77
Costs	78
Implementation Deadline	78
Resources: Monitoring and Enforcement	79
Part 7. Recruit and Retain a Qualified and Effective Child Care Workforce	80
Introduction	80
Training and Professional Development Requirements	81
Additional Focus Areas for Professional Development	83
Early Learning and Development Guidelines	84
Additional Resources	86
Part 8. Support Continuous Quality Improvement	88
Activities to Improve the Quality of Child Care Services	88
Key Elements for Quality Improvement	89
Options for Quality Activities	90
Quality Rating and Improvement System (QRIS)	91
Improving the Supply and Quality of Child Care Programs and Services for Infants and Toddlers	93
Child Care Resource and Referral (CCR&R)	94
Facilitating Compliance with State Standards	94
Quality Assessment	95
Accreditation Support	95
Program Standards	96
Other Quality Improvement Activities	96
Resources	96
Part 9. Ensure Grantee Accountability	98
Funding and Allocations	98
CCDF Funding Overview	98
Funding Distribution	99
Allocation Formulas	99

Obligation and Liquidation Requirements	101
Use of Funds	102
Restrictions	105
Data Reporting Requirements	105
ACF-118: CCDF Plan, Implementation Timeline, and Amendment Process	109
ACF-800 and 801 Child Care Data Reporting	111
ACF-696 Financial Reporting	113
Reallocated Discretionary Funds	114
Redistributed Matching Funds	115
Quality Progress Report (QPR)	115
Error Rate Reporting (ACF-404)	116
Accountability	117
Strengthening Program Integrity	117
Monitoring Program Compliance	118
Waivers	119
Resources	119
Appendix A. Glossary and List of Acronyms	120
Glossary of Key Terms	120
Abbreviations and Acronyms	121
Appendix B. Federal Contacts	124
Office of Child Care Contact Information	124
Regional Office Contacts	124
Endnotes	108

The *Fundamentals of CCDF Administration Resource Guide* was originally published in August 2017, initially revised in August 2018, and recently revised in August 2020.

The Fundamentals of CCDF Administration

For State and Territory Administrators

Welcome

Welcome to the Fundamentals of CCDF Administration Resource Guide. The resource guide has been revised to reflect the Child Care and Development Block Grant (CCDBG) Act of 2014 and Child Care and Development Fund final rule issued in 2016—including its expanded purposes and impact on child care and on Lead Agencies' administration of Child Care and Development Fund (CCDF) grants.

The guide addresses the requirements of the law and final rule, which can be complex and highly technical. The guide provides as much clarification as possible, especially for newer CCDF Administrators and Lead Agency Administrators. However, its focus is on describing the basics of the law rather than interpreting the legal language.

The term *state* is defined in both the CCDBG Act and CCDF final rule as including states, territories, and tribes; therefore, for ease of reading, *state* will be used inclusively throughout this guide unless otherwise specified.^{1,2}

You may notice gear icons throughout the guide. These are intended to show the interconnectedness of different parts of CCDF administration, such as the following:

- ◆ Subsidy (teal gear)
- ◆ Consumer education (navy gear)
- ◆ Health and safety, licensing regulations and monitoring, and quality improvement (orange gear)
- ◆ Professional development and workforce (light blue gear)

The CCDBG Act is the law that, along with Section 418 of the Social Security Act, authorizes the federal child care subsidy program known as the Child Care and Development Fund. In 2016, the Office of Child Care, Administration for Children and Families, U.S. Department of Health and Human Services published a final rule based on the Act that provided additional details and clarification on the law's requirements. Provisions of this final rule generally became effective on November 29, 2016, except for the provisions with a delayed statutory effective date. States were expected to be in full compliance by October 1, 2018, which marked the beginning of the next triennial CCDF Plan period.

The CCDBG Act of 2014 specified dates when certain provisions were effective and allowed time to implement the requirements:

- ◆ Monitoring, including annual inspections of CCDF providers became effective November 19, 2016.
- ◆ Posting results of monitoring and inspection reports became effective November 19, 2017.
- ◆ Criminal background checks became effective September 30, 2017 (further clarification provided in [part 6](#)).

¹ CCDF regulations define *state* as follows: "any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes tribes unless otherwise specified" [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)].

² Note that separate resources are available to support the work of tribal grantees. They are available on the Early Childhood Training and Technical Assistance System website at <https://childcareta.acf.hhs.gov/centers/national-center-tribal-early-childhood-development>.

- ◆ Where the Act did not specify a date, the statutory requirements became effective upon the date of enactment (November 19, 2014) and states had until September 30, 2016, to implement them.

Primary User

The Fundamentals of CCDF Administration resource guide was created for CCDF Administrators, especially those who are new to their positions. *CCDF Administrators*, which is the term used throughout this document, are often referred to as State Administrators and Territory Administrators. In some states, the CCDF Administrator is responsible for all components of the CCDF program; in others, co-administrators are designated or interdepartmental agreements are established with other agencies for key components such as licensing administration.

The contents are also applicable to administrators and fiscal staff of Lead Agencies who need a basic understanding of the implementation of the CCDBG Act of 2014.

Note: Separate resources are available to support the work of American Indian and Alaska Native CCDF grantees. These resources are available on the Early Childhood Training and Technical Assistance System website at <https://childcareta.acf.hhs.gov/centers/national-center-tribal-early-childhood-development>.

New CCDF Administrators as well as more seasoned CCDF Administrators will find the website helpful for the following:

- ◆ Providing introductory or refresher training, including as a part of an onboarding process for CCDF Administrators as well as for Lead Agency staff and administration as applicable
- ◆ Training other Lead Agency staff; for example, quality, licensing, or subsidy staff
- ◆ Understanding and planning for required CCDF activities, for example market rate survey, quality performance report, and public hearing
- ◆ Searching for information on a specific CCDF administration topic
- ◆ Shared training with collaborative partners such as those in the State Advisory Council and agency staff in state departments of health, education, or the lead agency for Temporary Assistance for Needy Families (TANF).

About the Office of Child Care

The Office of Child Care (OCC) is part of the Administration for Children and Families, under the U.S. Department of Health and Human Services. OCC's work is best summed up by the following mission statement:

The Office of Child Care supports low-income working families by improving access to affordable, high-quality early care and afterschool programs. OCC administers the Child Care and Development Fund (CCDF) —a block grant to state, territory, and tribal governments that provides support for children and their families with paying for child care that will fit their needs and that will prepare children to succeed in school.

CCDF also improves the quality of care to promote children's healthy development and learning by supporting child care licensing, quality improvement systems to help programs meet higher standards, and training and education for child care workers. The Office of Child Care establishes and oversees the implementation of child care policies, and provides guidance and technical assistance to states, tribes and territories as they administer CCDF programs.¹

Organization of Content

The parts of the Child Care and Development Fund (CCDF) Fundamentals Resource Guide are organized into broad areas of focus to support understanding the goals of the CCDF as well as implementation of the CCDBG Act of 2014.

Section	Description
<u>Part 1. Introduction to the Child Care and Development Fund (CCDF)</u>	Provides an overview of the basics of CCDF administration including CCDF history and purposes, key statutory provisions, federal contacts and regional map, terms, and acronyms. Responsibilities of Lead Agencies and the New CCDF Administrator Checklist are included in this section.
<u>Part 2. Define CCDF Leadership and Coordination with Relevant Systems</u>	Includes information to support the management of the various components of CCDF-funded activities and requirements, as well as coordination with other public and private partners. Emergency preparedness is also covered in this section.
<u>Part 3. Promote Family Engagement through Outreach and Consumer Education</u>	Provides an overview of the requirements related to consumer and provider education information and interactions with parents to help them make the best child care choice for their families, including the requirement for a state consumer education website. Developmental assessments are included in this section.
<u>Part 4. Provide Stable Child Care Financial Assistance to Families</u>	Contains an overview of CCDF requirements to provide more stable child care financial assistance to families on their path to financial stability, including extending children's eligibility for child care regardless of temporary changes in parents' earnings and work, training, or school schedules. Eligibility, parent fees, and increasing access are outlined in this section.
<u>Part 5. Ensure Equal Access to Child Care for Low-Income Children</u>	Includes an overview of grants and contracts, market rate survey requirements, setting payment rates, and timely payments to providers.
<u>Part 6. Establish Standards and Monitoring Processes to Ensure the Health and Safety of Child Care Settings</u>	Contains information about licensing child care providers, including requirements, exemptions, and child-to-provider ratio and group size. This section includes information about monitoring, the child abuse reporting requirement, and criminal background checks. In addition, information is included about how families and providers can access the results of monitoring, inspections, and background checks.
<u>Part 7. Recruit and Retain a Qualified and Effective Child Care Workforce</u>	Describes requirements related to the professional development of the child care workforce and a discussion of early learning and development guidelines.
<u>Part 8. Support Continuous Quality Improvement</u>	Provides an overview of the requirements to improve the quality of child care services at the program level. Includes key elements of quality improvement, description of the funding requirements, and the options states and territories have for quality activities.

Section	Description
<u>Part 9. Ensure Grantee Program Integrity and Accountability</u>	Includes information about funding and the use of funds, required reporting, accountability and program integrity, and waivers.

Part 1. Introduction to the Child Care and Development Fund (CCDF)

Part 1 of this guide provides an overview of the basics of CCDF administration, including CCDF history and purposes and key statutory provisions. This section provides information about Lead Agencies' responsibilities, as well as a checklist for new CCDF Administrators.

Overview of CCDF

On November 19, 2014, the Child Care and Development Block Grant Act (CCDBG) of 2014 was enacted into law; this bipartisan legislation made many important changes to the previous CCDBG Act. The law reauthorized the Child Care and Development Fund (CCDF) program for the first time since 1996 and made changes to

- ◆ protect the health and safety of children in child care;
- ◆ promote continuity of access to subsidy for low-income families;
- ◆ better inform parents and the general public about the child care choices available to them; and
- ◆ improve the overall quality of early learning and afterschool programs.

Collectively, these changes reflect a new era for child care and an opportunity to improve the learning experiences of millions of children every day.²

The law made many important statutory changes focused on strengthening child care in this country to better support the success of two generations. Research has demonstrated that access to stable, high-quality child care can promote school readiness and success for children, employment for parents, and economic security for families.³ The CCDF provides resources to state,³ territory, and American Indian and Alaska Native (AI/AN) grantees to support these efforts. The Administration for Children and Families partners with these agencies to support implementation with guidance and technical assistance (TA), when requested.

While the reforms made by the CCDBG Act benefit the children receiving child care subsidies, they also benefit all children cared for alongside them who receive no direct assistance from CCDF but benefit from safer child care settings with better skilled teachers and staff. Low-income parents who receive subsidies to make child care affordable will receive more stable assistance as they work toward economic security. In addition, all parents who use child care, regardless of income, will benefit from health and safety protections for their children, such as background checks for providers and the availability of public information about the health and safety track records of providers and the quality of services.⁴

The law also has an impact on requirements and opportunities for professional development for individual teachers and staff working in child care settings that serve children receiving CCDF-funded child care assistance. Thousands of child care providers serving children receiving CCDF across the country will receive monitoring and meet health and safety standards. Finally, the law affects the state, territory, and tribal agencies that administer the CCDF program and are responsible for implementing the requirements.

In some cases, the CCDBG Act specified a particular date when provisions would become effective. When the law did not specify a date, requirements became effective upon date of enactment (November 29, 2014), and states and territories had until September 30, 2016, to implement them.

³ CCDF regulations define *state* as follows: "any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes Tribes unless otherwise specified" [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)]. For ease of reading, the term *state* is used inclusively throughout this resource unless otherwise specified.

Since the U.S. Department of Health and Human Services last issued comprehensive child care regulations in 1998, we have learned more about the impact high-quality child care can have on young children's development and learning. In September 2016, the Office of Child Care published a final rule based on the Act that provided additional details and clarifications on the law's requirements. The final rule provides clarity to states on how to implement the law and administer the program in a way that best meets the needs of children, families, and child care providers.

Provisions of this final rule generally became effective on November 29, 2016, 60 days after the final rule's publication date in the Federal Register, except for the provisions with a delayed statutory effective date. States and territories were expected to be in full compliance by October 1, 2018, which marked the beginning of the next triennial CCDF Plan period.

History and Purposes of the CCDBG and CCDF

The history of the Child Care and Development Block Grant (CCDBG) and rules to administer the program date back to 1990. Funding was first authorized under the Child Care and Development Block Grant Act of 1990, which was enacted under the Omnibus Budget Reconciliation Act of 1990. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) appropriated new entitlement child care funds under section 418 of the Social Security Act and reauthorized discretionary funding under the Child Care and Development Block Grant Act of 1990.

PRWORA required that entitlement child care funds be transferred to a state, territory, or tribal Lead Agency for the CCDBG and be administered by that agency using the provisions of the CCDBG Act. PRWORA consolidated three federal child care programs previously serving low-income families under the program formerly known as Aid to Families with Dependent Children. The Administration for Children and Families (ACF) named these combined funds the Child Care and Development Fund.⁴

The first regulations governing the CCDBG went into effect on August 4, 1992. ACF published regulations that established the CCDF program in 1998. These rules, implementing the child care provisions of PRWORA, went into effect August 24, 1998.

The CCDBG Act was reauthorized in November 2014. The reauthorization enhanced the statutory purposes of the CCDF program to better balance the dual purposes of promoting children's healthy development and school success and supporting parents who are working or in training or education. The stated purposes of the Act were as follows:⁵

1. To allow each state maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within that state;
2. To promote parental choice to empower working parents to make their own decisions regarding the child care services that best suits their family's needs;
3. To encourage states to provide consumer education information to help parents make informed choices about child care services and to promote involvement by parents and family members in the development of their children in child care settings;
4. To assist states in delivering high-quality, coordinated early childhood care and education services to maximize parents' options and support parents trying to achieve independence from public assistance;
5. To assist states in improving the overall quality of child care services and programs by implementing the health, safety, licensing, training, and oversight standards established in this subchapter

⁴ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438, 67,442 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98).

⁵ 42 U.S.C. § 9857(b) (2015).

[Subchapter II-B - Child Care and Development Block Grant (Sections 9857 - 9858r)] and in state law (including state regulations);

6. To improve child care and development of participating children; and
7. To increase the number and percentage of low-income children in high-quality child care settings.

As Lead Agencies think about implementing these purposes, they should consider these questions:

How do the regulations make child care more healthy, safe, and high quality?

Based on the law, these regulations establish minimum standards, training, and monitoring requirements to ensure that child care for children receiving CCDF financial assistance protects their health and safety.

There are also several provisions to improve child care settings for all children across the country. For example, the law requires that all states use the same set of comprehensive background checks for all child care teachers and staff. In addition, states must support professional development systems to improve the knowledge and skills of the individual teacher and staff working with children in child care. Finally, the law targets funding for investments in improving quality of child care, including a percentage specifically for care of infants and toddlers.

How do the law and regulations support child development and school readiness?

Improving the development and school readiness of participating children is a key purpose of the CCDBG Act. The law requires States and Territories to have professional development systems that can help those working with young children promote their social, emotional, physical, and cognitive development, and to address behavioral challenges. There are also requirements to help parents make informed consumer choices and access information to support their children's development. The law requires states to collect and publicly share information on child development, family engagement, developmental screenings for young children, and quality child care with parents, providers, and the public.

How do the law and regulations help working, low-income parents achieve financial stability?

Congress added requirements that provide more stable child care financial assistance to families on their path to financial stability, including extending children's eligibility for child care regardless of temporary changes in parent's earnings and work, training, or school schedules. This improvement will make it easier for parents to maintain employment or finish education programs and not worry about losing their safe and high quality child care. The law also requires that States and Territories not unduly disrupt parents' employment in order to maintain their eligibility, and adopt processes that take into account irregular fluctuations in earnings.⁵

The CCDF Program

CCDF is the primary federal funding source devoted to providing low-income families that are working or participating in education and training with help paying for child care and improving the quality of child care for all children. Approximately 1.3 million children younger than 13 years from approximately 813,000 low-income working families are served by CCDF each month. This support enables their parents to work and participate in education or training to improve their job prospects. In addition, CCDF funds support state, territory, and tribal initiatives to improve the quality of child care for all children in our nation.⁶

The CCDBG Act authorizes the CCDF program and includes authorized funding amounts for each fiscal year. The actual amount of CCDF discretionary funding provided for each fiscal year is determined through the annual appropriations process and may be more or less than the amount indicated in the law. Therefore, while the law

⁶ CCDBG Act of 2014 658G(b)(3).

authorizes an increase in CCDF funding over time, Congress will determine actual funding levels for each fiscal year.

The CCDF child care program is often described as comprising three broad and overlapping areas of services:

- ◆ Child care financial assistance (subsidy)
- ◆ Health and safety
- ◆ Quality improvement activities.

Subsidized child care services are available to eligible families through certificates or grants and contracts with eligible child care providers. States provide access to information about child care financial assistance in many ways, including during enrollment for other public assistance (such as the Supplemental Nutrition Assistance Program [SNAP] and Temporary Assistance for Needy Families [TANF]), online, at community and health events, through child care providers, and through child care resource and referral agencies. For information about child care subsidy and increasing access, go to [Provide Stable Child Care Financial Assistance to Families](#) and [Ensure Equal Access to Child Care for Low-Income Children](#).

Parents may select a child care provider that satisfies any applicable state, territory, or local requirements, including basic health and safety requirements. These requirements must address an array of health and safety standards, including but not limited to prevention and control of infectious diseases, including immunizations; building and physical premises safety; and minimum health and safety orientation or preservice training (as established in the CCDBG Act and CCDF final rule). States may also require that the provider participates in the state quality rating and improvement system or other quality improvement activities, as long as the requirement does not limit the types of providers available to families.⁷ For information about child care health and safety, go to [Establish Standards and Monitoring Processes to Ensure the Health and Safety of Child Care Settings](#).

One of the key goals of the CCDF is to help more children from low-income families access higher-quality care. Lead Agencies have the flexibility to consider their goals and strategic plans for a child care quality improvement system for all families, not just those receiving assistance under CCDF. States are required to reserve and use identified percentages of their CCDF allocations for activities that are designed to improve the quality of child care services and increase parental options for, and access to, high-quality child care. For information about child care quality improvement, go to [Support Continuous Quality Improvement](#).

High-Quality Child Care

The CCDBG Act and the CCDF final rule establish minimum standards, training, and monitoring requirements to ensure that child care for children receiving CCDF financial assistance protects their health and safety. There are several provisions to improve child care settings for all children across the country. For example, states must do the following:

- ◆ Use the same set of comprehensive background checks for all child care teachers and staff.
- ◆ Develop professional development systems to improve the knowledge and skills of the individual teachers and staff working with children in child care.
- ◆ Target funding for investments in improving quality of child care, including a percentage specifically for care of infants and toddlers.

Improving the development and school readiness of participating children is now a key purpose of the CCDBG Act. The law and final rule include many provisions aimed at improving the quality of child care and supporting the early childhood workforce. Some of these provisions are as follows:

⁷ CCDBG Act of 2014 658E(E); Child Care and Development Fund, 45 C.F.R. § 98.33 (2016).

- ◆ Using 9 percent of the funds for quality activities, and describing allowable quality activities (for example, training and professional development, quality rating and improvement systems, etc.).
- ◆ Using at least 3 percent of funds on infants and toddlers to improve the supply and quality of providers serving the youngest children.
- ◆ Helping parents make informed consumer choices, access information to identify and choose high-quality care, and access other services that will benefit their children's development. States are required to collect and share information on child development, family engagement, developmental screenings for young children, and quality child care with parents, providers, and the public.⁸
- ◆ Requiring states to take the cost of quality into account when setting rates.
- ◆ Requiring states to have training and professional development requirements and a progression of professional development for CCDF providers, including caregivers, teachers, and directors⁶ States are required to have professional development systems that can help those working with young children promote their social, emotional, physical, and cognitive development, and to address behavioral challenges.

Overview of the CCDBG Statute and Regulations

CCDBG Statute

The [Child Care and Development Block Grant Act](#) and section 418 of the Social Security Act (42 U.S.C. 618), as amended, provide the statutory authority for implementation of the CCDF program.

CCDF Final Regulations

The Administration for Children and Families' Office of Child Care (OCC) publishes rules to govern the CCDF program. These are often referred to as CCDF final rules. The CCDF rules, which consist of a preamble and the corresponding regulatory sections, provide clarity to states on how to implement the law and administer the program. The preamble provides a summary of the rule's provisions, supplementary information, and a description of public comments received and responses to those comments. [Note: When final regulations and the accompanying preamble are published in the Federal Register, they continue to apply if not superseded by subsequent rule changes.]

The CCDF regulations are found in the Code of Federal Regulations at 45 C.F.R., parts 98 and 99. These regulations contain provisions that were published in the following four final rules.⁷ The text of each, including the preamble language, can be found by clicking [here](#). The Code of Federal Regulations that govern the CCDF program consist of the following:

1. *2016 CCDF Final Rule*, published on September 30, 2016, with an effective date of November 29, 2016. This final rule was based on the Child Care and Development Block Grant Act of 2014.
2. *1998 CCDF Final Rule*, published July 24, 1998, with an effective date of August 24, 1998. This final rule implemented the child care provisions of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (Public Law 104-193). The program was named the Child Care and Development Fund (CCDF).
3. *CCDF State Match Provisions Final Rule*, published May 18, 2007, with an effective date of October 1, 2007. This final rule revised the CCDF regulations to give states increased flexibility in making the

⁸ CCDBG Act of 2014 658E(E); Child Care and Development Fund, 45 C.F.R. § 98.33 (2016).

necessary state expenditures on child care to access their full allotment of CCDF federal matching funds.⁹

4. *CCDF Error Rate Reporting Final Rule*, published September 5, 2007, with an effective date of October 1, 2007. This final rule established requirements for the reporting of error rates in the expenditure of CCDF grant funds by the 50 states, the District of Columbia, and Puerto Rico.¹⁰

Where do I get more information about the CCDF? The federal law, federal regulations, guidance, program instructions, and information memoranda from the Office of Child Care are posted on the OCC website.⁸

Key Provisions of CCDF

Below are key provisions of the Child Care and Development Fund. More detailed information is available throughout this resource guide.

- ◆ **CCDF Plan (ACF-118):** By statute, Lead Agencies are required to have in place an ACF-approved CCDF Plan, describing how a Lead Agency will implement the provisions of the Child Care and Development Block Grant Act of 2014 (CCDBG Act) and CCDF regulations to be submitted on a triennial basis.¹¹ States are required to submit plan amendments as changes are made in the implementation of the program. In the CCDF Plan, states provide descriptions of the child care program and certify or assure that specific requirements are met as required by the statute. **Submission date is July 1st every 3 years (beginning in 2016).**
- ◆ **Consumer and provider education:** The CCDBG Act and CCDF final rule require Lead Agencies to collect and disseminate certain consumer education information to parents of children receiving CCDF assistance, the general public, and, where applicable, child care providers. The law and rule require states to provide information to the public about choosing child care. Specifically, the rule requires states to establish a consumer-friendly and easily accessible website that ensures the widest possible access to services for families who speak languages other than English and persons with disabilities. States must also develop and disseminate materials to parents with young children to help them understand the importance of monitoring their children's development during key milestones in the first years, including highlighting how parents and child care providers may access early screenings for developmental problems. CCDF parents must be given a consumer statement with easily understandable information about the provider they choose, including health and safety records, last date of inspection, and any voluntary quality standards met by the provider. The statement must also include general information about background checks, parental complaints, and equal access.¹²

Key CCDF Provisions

- CCDF Plan
- Consumer and provider education
- Eligible children
- Eligible families
- Eligible providers
- Establishing priorities
- Family cost sharing
- Parental choice
- Payment methods
- Provider payment rates
- Licensing of providers
- Health and safety
- Criminal background checks
- Minimum expenditures on quality
- Activities to improve the quality of care
- Limit on administrative costs
- Minimum for direct services

⁹ Child Care and Development Fund, 45 C.F.R. § 98.55 (2016).

¹⁰ Child Care and Development Fund, 45 C.F.R. §§ 98.100–98.102 (2016)

¹¹ CCDBG Act of 2014 658E; Child Care and Development Fund, 45 C.F.R. § 98.16 (2016).

¹² Child Care and Development Fund, 45 C.F.R. § 98.33 (2016).

- ◆ **Eligible children:** By statute, a CCDF Lead Agency may deem eligible children younger than age 13 who are U.S. citizens or qualified legal aliens. By regulation, a Lead Agency also may deem eligible children younger than 19 who are physically or mentally incapable of self-care, under court supervision, or in need of protective services as defined in the CCDF Plan.¹³
- ◆ **Eligible families:** By statute, Lead Agencies may serve families whose parents are working or in education or training activities, and families whose children are receiving protective services. By statute, Lead Agencies may serve families whose income levels do not exceed 85 percent of the state median income (SMI) for a family of the same size, and whose family assets do not exceed \$1,000,000 (as certified by a member of such family).¹⁴
- ◆ **Eligible providers:** An eligible child care provider is a center-based child care provider, a family child care provider, an in-home child care provider, or another provider of child care services for compensation that is licensed, regulated, or registered under applicable state or local law and satisfies state and local requirements, including health and safety requirements applicable to the child care services it provides; or a child care provider who is 18 years of age or older who provides child care services to eligible children who are by marriage, blood relationship, or court decree, the grandchild, great grandchild, sibling (if such provider lives in a separate residence), niece, or nephew of such provider, and complies with any applicable requirements that govern child care by the relative involved.¹⁵
- ◆ **Establishing priorities:** By statute, Lead Agencies must give priority to children with special needs and to children from families with very low income. Lead Agencies have the flexibility to define in their CCDF Plans the terms “very low income” and “children with special needs,” which may include vulnerable populations as defined by the Lead Agency. Under the 2016 CCDF final rule, Lead Agencies must also give priority to children experiencing homelessness. In addition, states and territories have chosen to give priority to such categories as teen parents, families receiving Temporary Assistance for Needy Families (TANF), families transitioning off TANF, non-TANF teen parents with no high school diploma or general equivalency diploma, families with medical emergencies or who have been impacted by disaster, parents who are students in postsecondary education, parents in homeless or domestic violence shelters, children in protective services or in foster care, and children in need of before- and after-school care.¹⁶
- ◆ **Family cost sharing:** Federal law and regulations require that families contribute to the cost of care on a sliding fee basis. The CCDF Plan must include information on how the sliding fee scale(s) are used to determine family contributions. The regulations require that the scale be based on family size and income, and not the cost of care or amount of subsidy payment. The Lead Agency may add other factors, such as the number of children in care and rules for counting income. The Lead Agency may exempt from copayments families with income at or below the poverty level for a family of the same size. In addition, the Lead Agency may exempt from copayments families with children who receive or need to receive protective services, or families that meet other criteria established by the Lead Agency.¹⁷

¹³ CCDBG Act of 2014 658P(4); Child Care and Development Fund, 45 C.F.R. § 98.20 (2016).

¹⁴ CCDBG Act of 2014 658P(3); Child Care and Development Fund, 45 C.F.R. § 98.20 (2016).

¹⁵ CCDBG Act of 2014 658P(6); Child Care and Development Fund, 45 C.F.R. § 98.2 (2016).

¹⁶ CCDBG Act of 2014 658E(c)(3)(B)(i); Child Care and Development Fund, 45 C.F.R. § 98.46 (2016).

¹⁷ Child Care and Development Fund, 45 C.F.R. § 98.45(k) (2016).

- ◆ **Parental choice:** The statute provides for parental choice in allowing parents to enroll their children with providers who have a grant or contract for child care services, or be provided a child care certificate. Lead Agencies are required to offer the choice of a provider who has a grant or contract, if such services are available. If provided a certificate, the regulations require parents to be allowed to choose any legally operating child care provider who meets the CCDF health and safety requirements and who is eligible to provide services to families receiving CCDF assistance. A certificate or voucher is defined in the statute as a check or other disbursement that is issued by a state or local government under the statute directly to a parent who may use the certificate or voucher only as payment for child care.

The regulations define *child care provider* as one who provides child care either in a center, a family home, or in the child's own home.¹⁸ Care by a sectarian provider, a relative provider, and any other type of legally provided child care are allowable choices.¹⁹ To receive CCDF funds, states may not impose health and safety requirements or payment rates that restrict parental choice by excluding any category of care or type of provider; excluding any type of provider within a category of care; limiting access to or choice among categories of care or types of providers; or excluding a significant number of providers in any category or type of care.

- ◆ **Payment methods:** The statute requires that states establish policies that reflect generally accepted payment practices for child care providers, including (to the extent practicable) delinking provider payments from occasional absence days, paying on a full- or part-time basis versus hourly, and timely reimbursement for child care services. In addition, Lead Agencies must pay for reasonable mandatory registration fees that the provider charges to private-paying parents (unless the Lead Agency provides evidence that this practice is not generally accepted).²⁰

Relative Providers

Relative providers are defined as those persons

- who are 18 years or older, and
- who are providing care only to children who are, by marriage, blood relationship, or court decree, their
 - grandchildren,
 - great-grandchildren,
 - siblings (if the provider lives in a separate residence), or
 - nieces or nephews.

- ◆ **Provider payment rates:** Consistent with the requirements in the Act, the Lead Agency must certify in its CCDF Plan that provider payment rates for CCDF subsidies are sufficient to ensure that eligible children have equal access to child care services comparable to those provided to children whose parents are not eligible to receive child care assistance. In order to ensure that payment rates are sufficient, federal regulations require that the Lead Agency describe the following points, among other information, in its CCDF Plan: 1) How payment rates are adequate and have been established based on the most recent market rate survey or OCC approved alternative methodology; 2) How base payment rates enable providers to meet health, safety, quality, and staffing requirements; 3) How the Lead Agency took the cost of higher quality into account, including how payment rates for higher-quality care, as defined by the Lead Agency using a quality rating and improvement system or other system of quality indicators, relate to the estimated cost of care at each level of quality; and 4) How and on what factors the Lead Agency differentiates payment rates.²¹

- ◆ **Licensing of providers:** By statute, a Lead Agency must certify that it has in effect licensing requirements applicable to child care services provided within the state, and provide a detailed description of such requirements and how they are effectively enforced.

If the state uses CCDF funds to support a child care provider that is exempt from the corresponding licensing requirements, the state shall describe why such licensing exemption does not endanger the health, safety, or

¹⁸ Lead Agencies may limit the use of in-home care [Child Care and Development Fund, 45 C.F.R. § 98.30(f)(2) (2016)].

¹⁹ CCDBG Act of 2014 658E(c)(2)(A); Child Care and Development Fund, 45 C.F.R. § 98.30 (2016).

²⁰ Child Care and Development Fund, 45 C.F.R. § 98.45(l) (2016).

²¹ Child Care and Development Fund, 45 C.F.R. § 98.45 (2016).

development of children who receive services from child care providers who are exempt from such requirements in the CCDF Plan.²²

- ◆ **Health and safety:** By statute, a Lead Agency must certify that there are requirements in place designed to protect the health and safety of children that are applicable to the providers that serve children supported through CCDF. The requirements must address 10 specified health and safety topics as well as child abuse reporting. With the exception of relative providers, all providers of care to children supported through CCDF must meet the basic health and safety standards—whether through licensure or regulation or through requirements designed by the Lead Agency that apply to unregulated providers serving families receiving CCDF.
- ◆ **Criminal background check requirements:** By statute, the Lead Agency must establish criminal background check requirements, policies, and procedures for child care staff members (including prospective child care staff members) of licensed, regulated, or registered child care providers or child care providers eligible to deliver CCDF-funded services. Furthermore, a child care provider receiving CCDF funds is prohibited from employing a child care staff member who refuses to consent to the check, provides false statements, is registered (or required to be registered) on a sex offender registry, or who has been convicted of certain crimes.²³
- ◆ **Minimum expenditures on quality:** By statute, states must spend no less than 9 percent of total CCDF expenditures each federal fiscal year on activities to improve the quality of child care services and increase access to high-quality child care. In addition, 3 percent of total CCDF expenditures must be used to carry out activities related to the quality of care for infants and toddlers.²⁴

% Quality Set-aside	% Infant & Toddler Set-aside	Total % Quality Set-aside
9%	3%	12%

- ◆ **Activities to improve the quality of child care:** The CCDBG Act and CCDF final rule include a framework for quality investments and activities. States are required to carry out no fewer than one of the following 10 activities:
 1. Supporting the training and professional development of the child care workforce
 2. Improving upon the development or implementation of the early learning and development guidelines by providing TA to providers
 3. Developing, implementing, or enhancing a tiered quality rating system for child care services
 4. Improving the supply and quality of child care programs and services for infant and toddlers
 5. Establishing or expanding a statewide system of child care resource and referral (CCR&R) services
 6. Facilitating compliance with state licensing standards as well as requirements for inspection and monitoring

²² CCDBG Act of 2014 658E(c)(2)(E); Child Care and Development Fund, 45 C.F.R. § 98.40 (2016).

²³ CCDBG Act of 2014 658H.

²⁴ Child Care and Development Fund, 45 C.F.R. § 98.50(b) (2016).

7. Evaluating the quality and effectiveness of child care programs in the state, including evaluating how programs positively impact children
 8. Supporting accreditation
 9. Supporting state or local efforts to develop or adopt high-quality program standards on health, mental health, nutrition, physical activity, and physical development
 10. Other activities determined by the state to improve the quality of services provided and for which measurement of outcomes is possible²⁵
- ◆ **Limit on administrative costs:** By statute, a Lead Agency may not spend more than 5 percent of its total CCDF expenditures (discretionary, mandatory, and state and federal share of the matching funds) on administration. Activities such as eligibility determination, child care placement, and providing parents with information about child care services are not considered administration.²⁶
 - ◆ **Minimum for direct services:** By statute, a Lead Agency shall, after setting aside funds for quality and administrative activities, use at least 70 percent of the remaining discretionary funds for direct services provided by the state.²⁷ In addition, at least 70 percent of the mandatory and combined federal and state or territory share of matching funds must be used to meet the child care needs of families who are receiving Temporary Assistance for Needy Families, are making efforts through work activities to transition off of TANF, or are at risk of needing TANF.²⁸

Key Roles in the Implementation of CCDF

While grantees have flexibility in the implementation of their child care programs, some key responsibilities are defined. States identify a Lead Agency with the authority to administer the program and a CCDF Administrator as the primary child care contact within the state. Both of these roles are identified in the form ACF-118, also known as the CCDF Plan.

New options regarding the designation of a Lead Agency are included in the Act. These include designating an appropriate collaborative agency or establishment of a joint interagency office, in addition to the identification of a state or territory department as Lead Agency. It should be noted that CCDF administration may be conducted jointly across several agencies. For example, child care provider licensing and monitoring for compliance can be conducted by a different agency than the Lead Agency.

The role of the CCDF Administrator varies across Lead Agencies. It is a complex and engaging role that requires extensive coordination and collaboration within the Lead Agency and across agencies, as well as with stakeholders, providers, and the general public. Some of the tasks commonly reported by CCDF Administrators include the following:

- ◆ Interaction with Office of Child Care (OCC) staff through calls or attending national and regional meeting
- ◆ Convening information technology staff to review and discuss data reporting
- ◆ Working with financial staff to ensure the accurate reporting of quality funds expended
- ◆ Engaging stakeholders through the early childhood State Advisory Council, or comparable entity, about changes in policy or spending

²⁵ CCDBG Act of 2014 658G(b); Child Care and Development Fund, 45 C.F.R. § 98.41 (2016).

²⁶ Child Care and Development Fund, 45 C.F.R. § 98.54 (2016).

²⁷ CCDBG Act of 2014 658E(c)(3)(E); Child Care and Development Fund, 45 C.F.R. § 98.50(f) (2016)..

²⁸ Child Care and Development Fund, 45 C.F.R. § 98.50(e) (2016).

- ◆ Working with staff from the state's education department regarding prekindergarten programs, developing and aligning early learning and development guidelines, and coordinating with services provided under the Individuals with Disabilities Education Act (IDEA) Part B and C, for children with special needs, collaborating related to coordinating services through the Every Student Succeeds Act (ESSA), and with 21st Century initiatives that focus on school-age care
- ◆ Managing the implementation of CCDF services (such as licensing, a quality rating and improvement system, subsidy, and professional and workforce development)

More detailed information on the responsibilities of the Lead Agency can be found in the following box.

Responsibilities of CCDF Lead Agencies

Under the CCDF, Lead Agencies have considerable flexibility in administering and implementing a child care program that meets the needs of families in their state. The following list includes some of the basic responsibilities of a Lead Agency as found in statute and regulation.

A Lead Agency is designated by the chief executive of a state (often, this is the governor), or by the appropriate tribal leader or applicant. This may be one agency (which may be an appropriate collaborative agency) or a joint interagency office.

The Lead Agency has broad responsibility and authority to do the following:

- Administer and implement the CCDF program, directly or indirectly, through governmental, nongovernmental, or other public or private local agencies as long as it retains overall responsibility for the administration of the program. If the Lead Agency administers or implements the CCDF program indirectly, it must have written agreements with such agencies that specify mutual roles and responsibilities.
- Maintain its overall responsibility for child care programs. The Lead Agency determines the basic use of CCDF funds and the priorities for spending CCDF funds, and does the following:
 1. Promulgates the rules governing overall administration
 2. Submits all reports required by the Secretary of Health and Human Services (the Secretary)
 3. Assures program compliance with the approved CCDF Plan and all federal requirements
 4. Oversees the spending of funds by subgrantees and contractors
 5. Monitors programs and services
 6. Fulfills the responsibilities of any subgrantee that does not comply with the following:
 - a. Fiscal management
 - b. Program implementation
 - c. Monitoring
 - d. Responding to complaints
 7. Serves as the single point of contact for issues involving the administration of the CCDF program
 8. Develops the CCDF Plan at the time and in the manner specified by the Secretary

The CCDF Plan (ACF-118), which the Lead Agency must submit to the Secretary for funding, identifies the following:

- Lead Agency
- Entity designated to receive private donated funds
- Purposes for which the funds will be expended
- Amount of funds requested, as prescribed by the Secretary
- Other information specified by the Secretary

In developing the CCDF Plan, the Lead Agency must do the following:

- Consult with the appropriate representatives of local government
- Coordinate the provision of child care services with other federal, state, and local child care and early childhood development programs (including programs for the benefit of American Indian and Alaska Native children, infants and toddlers, children with disabilities, children experiencing homelessness, and children in foster care) to expand accessibility and continuity of care as well as full-day services
- Describe the processes the Lead Agency will use to monitor administrative and implementation responsibilities performed by agencies other than the Lead Agency, such as through written agreements or monitoring and auditing processes (98.11(a)(3)). Describe those processes and any indicators or measures used to assess performance.

- Coordinate the provision of services with the state and tribal agencies responsible for specified early childhood-related programs
- Hold at least one public hearing
- Conduct a market rate survey (or OCC approved alternative methodology) no earlier than 2 years before the effective date of the currently approved CCDF Plan

The CCDF Plan must include assurances of the following:

- The Lead Agency will comply with all the requirements of the CCDBG Act and the regulations
- CCDF funds will not be used for lobbying
- The Lead Agency provides a drug-free workplace
- No principals have been disbarred
- The Lead Agency enforces applicable provisions regarding nondiscrimination
- The Lead Agency complies with the Pro-Children Act of 1994, regarding prohibitions on smoking

Upon approval of the Plan, the Lead Agency will have in place a child care program that:

- Complies with the provisions of the Plan
- Is administered in accordance with the CCDBG Act of 1990, as amended; section 418 of the Social Security Act; and all other applicable laws and regulations

Other Lead Agency responsibilities include the following:

- Lead Agencies must have an audit conducted after the close of each program period and ensure that subgrantees are audited in accordance with appropriate audit requirements
- Lead Agencies must submit fiscal and program reports as prescribed by the U.S. Department of Health and Human Services
- Lead Agencies must submit Plan amendments within 60 days of the effective date of substantial change in the program

CCDBG Act of 2014 658D; Child Care and Development Fund, 45 C.F.R. § 98.10(2016).

New CCDF Administrator Checklist

The role of the CCDF Administrator (or Co-administrator) varies across Lead Agencies. It is a complex and engaging role that requires extensive coordination and collaboration within the Lead Agency and across agencies, as well as with stakeholders, providers, and the general public. Consider the following key tasks:

- Contact your Office of Child Care (OCC) regional office.** In addition to being a resource, they can enable access to federal resources, including technical assistance.
- Review the [Child Care and Development Block Grant \(CCDBG\) Act of 2014](#) and [CCDF final rule](#).** The Code of Federal Regulations, at 45 C.F.R., parts 98 and 99, includes provisions from the 1998 and 2016 CCDF final rules, CCDF State Match Provisions final rule, and CCDF Error Rate Reporting final rule. Part 99 includes the procedure for hearings for the Child Care and Development Fund.
- Determine the role of the CCDF Administrator in each of the CCDF reporting requirements.** CCDF reports for states and territories include the ACF-118; the Quality Progress Report (due annually on December 31st); the Error Rate and Improper Payment Review SDAP (Sampling Decisions, Assurances, and Fieldwork Preparation Plan); the ACF-403, ACF-404, and ACF-405; the Financial Report, ACF-696; the Annual Aggregate Report, ACF-800; and the Case Level Report, ACF-801. See [Ensure Grantee Accountability](#) for details of reports, reporting periods, and due dates.
- Review the most current [CCDF Plan](#) and [ACF-118 E-Submission Site State/Territory User's Guide](#)** CCDF Plans are available through the OCC website and your regional office. Lead Agencies submit the CCDF Plan through an electronic submission (e-submission) process. It is important to consult with your regional office to ensure that you receive federal updates, guidance, and information.
- Contact your state or territory's fiscal office and review the program budget to ensure that it can support the activities described in the current CCDF Plan.** Familiarize yourself with funding and reporting timelines and processes.
- Review program management and implementation policies and procedures and update as needed.**
- Review the timelines for public hearings and market rate survey or OCC approved alternative methodology, CCDF Plan amendments, and other requirements.** Allow time for consultation in the development of the CCDF Plan.
- Get to know the needs of the families using child care services and those who may need services.**
 1. Is there a current state, territory, or community needs assessment? (For example, Head Start is required to conduct a needs assessment, which could provide useful insights into community child care needs within your state or territory.)
 2. Are child care services accessible and affordable, and do they provide a level of quality that meets children's developmental needs?
 3. Do the available programs and services meet the needs of working families?
 4. Are families active partners in CCDF program planning and implementation?
 5. Do families have the information they need to make the best decisions for their children's care?
- Get to know the child care providers and other early childhood and school-age programs in your state, territory, or community.**
 6. Are the services meeting the needs of infants, toddlers, preschoolers, and school-age children?
 7. Do the programs and services meet the needs of all populations, including special needs, English-language learners, children experiencing homelessness, and children in foster care?
 8. What is needed to recruit and retain a high-quality child care workforce?
 9. Is there a professional development plan that enables child care staff and providers to increase their knowledge and competencies?

- ☑ **Build partnerships with other federal, state, tribal, and community programs that serve children and families.** States should seek out opportunities to coordinate with partners to expand accessibility of services and continuity of care for children and families. Visit the OCC website for the latest information about Early Head Start–Child Care partnerships.
- ☑ **Keep current on new information (such as program instructions and formal guidance) and resources to support child care.** Visit the OCC website for the most up-to-date requirements and resources you need to improve the quality of early care and education and school-age care and assistance to reach your CCDF Plan goals.
- ☑ **Take advantage of opportunities to network and share ideas, successes, and challenges with other CCDF Administrators.** Regional offices regularly convene meetings of states and territories to provide these types of opportunities. Visit the OCC website for the current listing of regional offices and CCDF Administrators.

Organizational Structure and ACF Regions

The Health and Human Services (HHS) Secretary has the authority to make CCDF grants to states, territories, and tribes. The Administration for Children and Families (ACF), within HHS, is responsible for federal programs that promote the economic and social well-being of families, children, individuals, and communities. ACF is the administrative agency charged with implementation, which is directed by ACF's Office of Child Care (OCC).

To support CCDF services, OCC establishes and oversees the implementation of child care policies and provides guidance and technical assistance to states, territories, and tribes as they administer CCDF programs.

The [ACF website](#) shows where the Office of Child Care fits in relation to other program offices within ACF.⁹

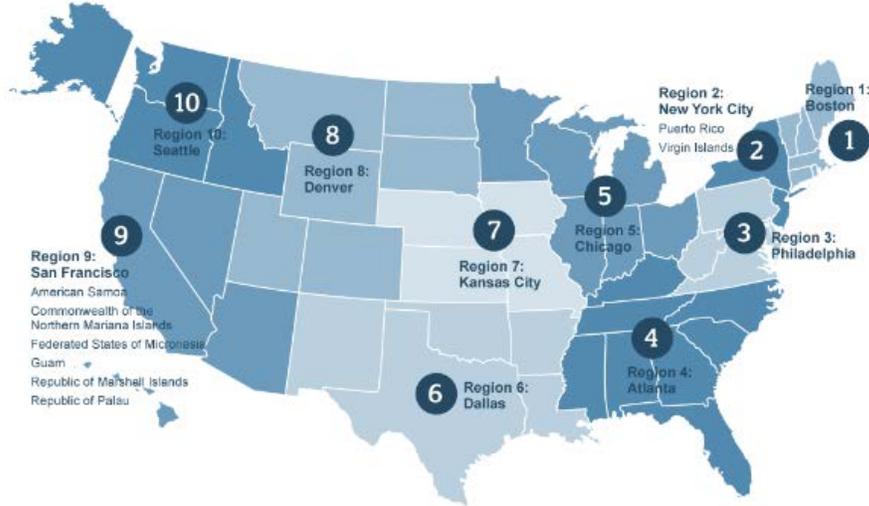
The map below shows the ACF Regions and highlights the OCC regional offices. States, territories, the District of Columbia, and tribal communities are organized into 10 Regions.

The regional offices oversee the programmatic and financial management of ACF programs in each Region and provide guidance to grantees and various entities responsible for administering the child care program. The regional offices report directly to the Office of the Director (Office of Child Care). Regional offices work directly with state, territory, and American Indian and Alaska Native (AI/AN) grantees to review CCDF Plans and amendments, answer programmatic questions, conduct site visits, facilitate coordination between state and AI/AN grantees, and facilitate and approve technical assistance requests.

The 10 OCC Regions are composed of the following:

- ◆ States: 50, plus the District of Columbia
- ◆ Territories: 5 (American Samoa, Guam, Commonwealth of the Northern Mariana Islands, Puerto Rico, Virgin Islands)
- ◆ Tribal grantees: approximately 260 (receiving CCDF allocations)¹⁰

ACF Regional Map



**Region 1
Boston**

Connecticut
Maine
Massachusetts
New Hampshire
Rhode Island
Vermont

**Region 2
New York City**

New Jersey
New York
Puerto Rico
U. S. Virgin Islands

**Region 3
Philadelphia**

Delaware
Maryland
Pennsylvania
Virginia
West Virginia
District of Columbia

**Region 4
Atlanta**

Alabama
Florida
Georgia
Kentucky
Mississippi
North Carolina
South Carolina
Tennessee

**Region 5
Chicago**

Illinois
Indiana
Michigan
Minnesota
Ohio
Wisconsin

**Region 6
Dallas**

Arkansas
Louisiana
New Mexico
Oklahoma
Texas

**Region 7
Kansas City**

Iowa
Kansas
Missouri
Nebraska

**Region 8
Denver**

Colorado
Montana
North Dakota
South Dakota
Utah
Wyoming

**Region 9
San Francisco**

Arizona
California
Hawaii
Nevada
American Samoa
Federated States of Micronesia
Guam
Marshall Islands
Republic of Palau
Northern Mariana Islands

**Region 10
Seattle**

Alaska
Idaho
Oregon
Washington

Source: Office of Regional Operations. (n.d.). *Regional offices*. U.S. Department of Health and Human Services, Administration for Children and Families. <https://www.acf.hhs.gov/oro/regional-offices>

Part 2. Define CCDF Leadership and Coordination with Relevant Systems

This part of the guide includes information to support the management of Child Care and Development Fund (CCDF)-funded activities, as well as coordination with public and private partners. Emergency preparedness planning is also covered in this section.

Introduction

CCDF administration requires leadership and coordination between child care programs and other agencies, services, and supports at the state and local levels that serve children and families. Each grantee must identify the most appropriate entities and individuals to lead and participate in implementation based on the context within its state.²⁹ These entities include those that manage various components of CCDF-funded activities and requirements (fiscal, subsidy, health and safety monitoring, and continuous quality improvement), as well as other public and private partners.

The Child Care and Development Block Grant (CCDBG) Act of 2014 provides new opportunities and includes additional requirements for Lead Agencies. As mentioned in the [introduction](#), the governor may designate an agency, collaborative agency, or establish a joint interagency office as Lead Agency. Within the Lead Agency, a CCDF Administrator is then identified as the day-to-day contact with responsibility for administering the CCDF program. The Administrator's role is sometimes shared by two Lead Agency staff, with both individuals receiving communication from the Administration for Children and Families (ACF), such as program announcements, program instructions, and data collection instructions.

The CCDBG Act of 2014 specified dates when certain provisions were effective and allowed time to implement the new requirements:

- ◆ Monitoring, including annual inspections of CCDF providers—became effective November 19, 2016
- ◆ Posting results of monitoring and inspection reports—became effective November 19, 2017
- ◆ Criminal background checks—became effective September 30, 2017 (further clarification provided in [part 6](#))
- ◆ Where the Act did not specify a date, the statutory requirements became effective upon the date of enactment (November 19, 2014) and states had until September 30, 2016, to implement them

CCDF Policy Decision Authority³⁰

The Lead Agency must retain overall responsibility for the administration of the CCDF program. A primary purpose of the CCDBG Act is “to allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within that State.”³¹ Some states choose to administer all components of the CCDF child care program within the Lead Agency with the assistance of contractors. Others have found that critical roles such as health and safety monitoring and professional development align with services already provided in other state agencies.

²⁹ CCDF regulations define *state* as follows: “any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes Tribes unless otherwise specified” [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)]. For ease of reading, the term *state* is used inclusively throughout this resource unless otherwise specified.

³⁰ CCDBG Act of 2014 658D(b); Child Care and Development Fund, 45 C.F.R. §§ 98.10–98.11 (2016).

³¹ CCDBG Act of 2014 658A(b)(1).

The Lead Agency may also use other governmental or nongovernmental agencies or organizations to implement or perform CCDF services, such as the following:

- ◆ Performing eligibility determinations
- ◆ Assisting parents in locating child care
- ◆ Issuing provider payments
- ◆ Other CCDF activities identified by the state

These services and activities may be performed by Temporary Assistance for Needy Families (TANF) agencies, local governments, child care resource and referral agencies, community organizations, or other entities.

Lead Agencies may choose to have certain rules and policies (such as those related to eligibility, sliding fee scales, and payment rates) set by counties or other local entities. States that use this approach are commonly referred to as “county-administered states.”

If CCDF funds are used for services conducted by other agencies, a written agreement must be in place with the Lead Agency outlining roles and responsibilities to ensure that CCDF requirements are met.

CCDF Plan Development

One of the primary responsibilities of the CCDF Administrator is the development of the triennial CCDF Plan, also known as the ACF-118 form and system (check with your regional office for access to this site). The CCDF Plan describes the processes and activities the state will conduct to meet CCDF requirements. Preparing and submitting the CCDF Plan requires consultation and collaboration. CCDF Administrators often develop the process and schedule for engaging various stakeholders to consult in the development of the Plan, and a timeline for completion of a draft for public review.

Consultation involves meeting with or otherwise obtaining input from an appropriate agency in the development of the state or territory CCDF Plan.

As part of the Plan development process, Lead Agencies must consult with the following:

- ◆ Appropriate representatives of units of general-purpose local government. Note: General-purpose local governments are defined by the U.S. Census at https://www.census.gov/newsroom/cspan/govts/20120301_cspan_govts_def_3.pdf.
- ◆ The State Advisory Council (SAC) on Early Childhood Education and Care or similar coordinating body. The State Advisory Council is designated under the Head Start Act and may be referred to as ECAC, SAC, or another title in your state.
- ◆ Indian tribe(s) or tribal organization(s) within the state. This consultation should be done in a timely manner and at the option of the Indian tribe(s) or tribal organization(s).

Examples of consultation with these entities might include engaging them in a drafting committee, giving them the opportunity to review drafts and sign off on the final version, or jointly developing memoranda of understanding with the Lead Agency to meet requirements for sharing information or services for families receiving subsidy.

The CCDF Administrator’s role in developing the CCDF Plan may also include consulting with the individuals responsible for the child care program components (for example, subsidy, health and safety monitoring, continuous quality improvement, and accountability) to identify who will prepare the required information.

The Administration for Children and Families will determine compliance with requirements in the law through submission and approval of the CCDF Plans and other appropriate means, including site visits to states.

Additional information about the CCDF Plan (form ACF-118) is found in [Ensure Grantee Accountability](#).

Coordination with Partners to Expand Accessibility and Continuity of Care³²

Coordination has taken on new significance under the CCDBG Act of 2014. The law identifies specific entities that Lead Agencies must coordinate with over the 3-year plan period to do the following:

- ◆ Expand accessibility and continuity of care
- ◆ Help children enrolled in early childhood programs receive full-day services that meet the needs of working families

Lead Agencies must describe how they will coordinate child care services supported by CCDF with other federal, state, and local programs serving children (including programs for the benefit of American Indian and Alaska Native children, infants and toddlers, children with disabilities, children experiencing homelessness, and children in foster care). Coordination can help states reach goals related to expanding accessibility and continuity of care, such as the following:

- ◆ Extending the day or year of services for families
- ◆ Smoothing transitions for children in programs or as they age into school
- ◆ Enhancing and aligning the quality of services for infants and toddlers through school-age children
- ◆ Linking comprehensive services to children in child care or school-age settings
- ◆ Developing the supply of quality care for vulnerable populations (as defined by the Lead Agency) in child care and out-of-school time settings

As outlined in the CCDF final rule,³³ Lead Agencies are required to coordinate with all of the following entities or agencies:

1. Appropriate representatives of the general purpose local government, which can include counties, municipalities, or townships and towns.
2. State Advisory Council on Early Childhood Education and Care or similar coordinating body.
3. Indian tribe(s) and/or tribal organization(s), at the option of individual tribes.
4. State or territory agency (or agencies) responsible for programs for children with special needs, including early intervention programs authorized under the Individuals with Disabilities Education Act (Part C for infants and toddlers and Part B, Section 619, for preschool).
5. State or territory office and director for Head Start state collaboration.
6. State or territory agency responsible for public health, including the agency responsible for immunizations.
7. State or territory agency responsible for employment services/workforce development.
8. State or territory agency responsible for public education, including prekindergarten (pre-k).

³² CCDBG Act of 2014 658E(c)(2)(O); Child Care and Development Fund, 45 C.F.R. § 98.14(a)(1) (2016).

³³ Child Care and Development Fund, 45 C.F.R. § 98.14 (2016)

9. State or territory agency responsible for child care licensing.
10. State or territory agency responsible for the Child and Adult Care Food Program (CACFP) and other relevant nutrition programs.
11. McKinney-Vento state coordinators for homeless education and other agencies providing services for children experiencing homelessness and, to the extent practicable, local McKinney-Vento liaisons.
12. State or territory agency responsible for the Temporary Assistance for Needy Families program.
13. Agency responsible for Medicaid and the state Children's Health Insurance Program.
14. State or territory agency responsible for mental health.
15. Child care resource and referral agencies, child care consumer education organizations, and providers of early childhood education training and professional development.
16. Statewide afterschool network or other coordinating entity for out-of-school time care (if applicable).
17. Agency responsible for emergency management and response.

Lead Agencies have *the option* to coordinate the provision of services with the state, territory, local, and tribal agencies that are responsible for the following:

- ◆ Early Head Start—Child Care Partnership grants
- ◆ Institutions for higher education, including community colleges
- ◆ Other federal, state, local, or private agencies providing early childhood and school-age or youth-serving developmental services
- ◆ Implementing the Maternal and Child Home Visitation programs grant

To support coordination across these agencies, Lead Agencies must assure that, to the extent practicable and appropriate, any code or software for child care information systems or information technology for which a Lead Agency or other agency expends CCDF funds to develop must be made available on request to other public agencies, including public agencies in other states, for their use in administering child care or related programs.

Optional Use of Combined Funds³⁴

Lead Agencies have the option to combine CCDF funds with the funding for any of the programs with which coordination is required (as [previously described](#)). These programs include those operating at the federal, state, and local levels for children in preschool programs, tribal early childhood programs, and other early childhood programs, including those serving infants and toddlers with disabilities, children experiencing homelessness, and children in foster care.

Combining funds could include blending multiple funding streams, pooling funds, or layering funds together from multiple funding streams to expand and enhance services for infants, toddlers, preschoolers, and school-age children and families to allow for the delivery of comprehensive quality care that meets the needs of children and families. For example:

³⁴ CCDBG Act of 2014 658E(c)(2)(O)(ii); Child Care and Development Fund, 45 C.F.R. § 98.14(3) (2016).

- ◆ State agencies may use multiple funding sources to offer grants or contracts to programs to deliver services
- ◆ A state may allow a county or local government to use coordinated funding streams
- ◆ Policies may be in place that allow local programs to layer CCDF funds with additional funding sources to pay for full-day, full-year child care that meets Early Head Start or Head Start Program Performance Standards or state prekindergarten requirements in addition to state child care licensing requirements

As a reminder, CCDF funds may be used in collaborative efforts with Head Start programs to provide comprehensive child care and development services for children who are eligible for both programs. In fact, the coordination and collaboration between Head Start and CCDF is strongly encouraged within the Head Start Act in the provision of full-working-day, full-calendar-year comprehensive services. To implement such collaborative programs, which share, for example, space, equipment, or materials, grantees may layer several funding streams so that seamless services are provided. See the [Policy and Program Guidance for the Early Head Start—Child Care Partnerships](#) for further information.

Public-Private Partnerships³⁵

A requirement of the CCDBG Act is that states must encourage partnerships to leverage existing service delivery systems and increase the supply, quality, and efficiency of child care services to benefit the development of children and the success of families in the state. In their CCDF Plans, Lead Agencies must describe how partnerships are encouraged and activities that have resulted from partnerships. Entities with which Lead Agencies are encouraged to partner include the following:

- ◆ Other state and public agencies
- ◆ Tribal organizations
- ◆ Private entities
- ◆ Faith-based organizations
- ◆ Community-based organizations

Coordination with Local or Regional CCR&R Systems

States may allocate CCDF funds, including quality funds, to child care resource and referral (CCR&R) agencies, networks, and systems. CCR&R agencies have supported states in many ways. The following are examples of how CCR&R agencies may provide important connections to local communities:

1. Engaging families with consumer education and information about child care financial assistance (subsidy)
2. Engaging child care providers in order to disseminate information about the availability of child care, including information about the quality of care (where that information is available)
3. Providing training and technical assistance for child care providers
4. Promoting quality and helping child care providers meet higher quality levels

In addition, in some states, CCR&R agencies also administer CCDF child care financial assistance or other services (such as child care provider training, communicating with providers following disaster, or administering quality improvement grants).

³⁵ CCDBG Act of 2014 658E(c)(2)(P); Child Care and Development Fund, 45 C.F.R. § 98.14(4) (2016).

The Child Care and Development Block Grant (CCDBG) Act and CCDF final rule allow states to use CCDF funds to establish or support a system of local or regional CCR&R agencies that is coordinated, to the extent determined appropriate by the state, by a lead CCR&R organization. The lead organization may be a statewide public or private nonprofit, or a community-based or regional organization. If a state uses funds for a system of local or regional CCR&R agencies, these agencies must, at the direction of the Lead Agency, do the following:

- ☑ Provide parents with consumer education about the full range of child care options, analyzed by provider, including child care provided during nontraditional hours and through emergency child care centers
- ☑ Work directly with families that receive CCDF assistance to help and support them as they decide on a child care provider, to the extent practicable
- ☑ Collect data and provide information on the coordination of services and supports, including services under section 619 (Preschool Grants) and Part C (Early Intervention for Infants and Toddlers with Disabilities) of the Individuals with Disabilities Education Act (IDEA)
- ☑ Collect data and provide information on the supply and demand for child care and submit this information to the state
- ☑ Establish partnerships to increase the supply and quality of child care in the state
- ☑ Coordinate activities with the state Lead Agency and local agencies that administer funds, as appropriate

CCDBG Act of 2014 658E(c)(2)(E); Child Care and Development Fund, 45 C.F.R. § 98.52 (2016).

Emergency Preparedness and Response Planning³⁶

The Child Care and Development Block Grant (CCDBG) Act requires a disaster preparedness and response plan that contains specific elements. The purpose of this requirement is to help ensure that early childhood programs support children's healthy growth and development, especially in the event of a disaster or emergency. The availability of child care following a disaster prevents children from being left alone or in unsafe environments, and can help expedite recovery efforts by ensuring that children are safe while parents access public benefits, visit damaged property, and make other efforts to rebuild their lives. Child care is a critical human service that helps protect children's safety and support family stability after a disaster.

Planning and preparation for emergency and disaster are important for these reasons:

- ◆ Planning minimizes the likelihood of injuries and death of children who are particularly vulnerable in disasters
- ◆ Preparation can minimize psychological impact (trauma) and promote resilience in children and adults, in addition to promoting continuity of care
- ◆ Planning and preparation may reduce revenue lost and child care provider liability
- ◆ Recovery: Child care is a vital service to the community: the speed at which child care is able to recover affects the overall recovery of the community

Implementation of the CCDBG Act requires states to demonstrate in their CCDF Plans how they will address the needs of children in child care services provided through CCDF, including the need for safe child care before,

³⁶ CCDBG Act of 2014 658E(c)(2)(U) and Child Care and Development Fund, 45 C.F.R. § 98.16(aa) (2016).

during, and after a state of emergency declared by the governor or a major natural disaster or human-caused event or emergency as defined in section 102 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5122).³⁷

States must do the following:

1. Develop a statewide child care disaster plan with key partners.
2. Describe how required components of the plan are met:
 - a. Requirements for providers, including training and practice drills
 - b. Coordination of post-disaster recovery of child care services
 - c. Guidelines for continuation of child care subsidies and child care services

A statewide child care disaster plan, separate from the state's continuity-of-operations plan (a state-level plan developed to assure the continued performance of essential functions under a broad range of circumstances), must be developed for coordination of activities and collaboration among state agencies and other key partners.

The following agencies are required to be involved in the development of this plan:

3. State human services agency
4. State emergency management agency
5. State CCDF Lead Agency
6. State child care licensing agency
7. State health department or public health department
8. Local and state child care resource and referral (CCR&R) agencies
9. The State Advisory Council on Early Childhood Education and Care or similar coordinating body

The child care disaster plan must address the following components for providers serving children in CCDF child care services:

- Evacuation, relocation, shelter-in-place, and lockdown procedures
- Procedures for communication and reunification with families
- Continuity of operations
- Accommodation of infants and toddlers, children with disabilities, and children with chronic medical conditions

CCDBG Act of 2014 658E(c)(2)(U) and Child Care and Development Fund, 45 C.F.R. § 98.16(aa) (2016).

States must also identify the requirements that ensure that staff and volunteers in settings that receive CCDF funds receive emergency preparedness training and practice drills.

In addition, the statewide child care disaster plan must provide guidelines for the continuation of child care services, including, but not limited to, provision of emergency and temporary child care services, and temporary operating standards for child care providers after a disaster.

³⁷ Robert T. Stafford Disaster Relief and Emergency Assistance Act, Sec.102 (42 U.S.C. § 5122).

Disaster Planning and Preparedness Resources

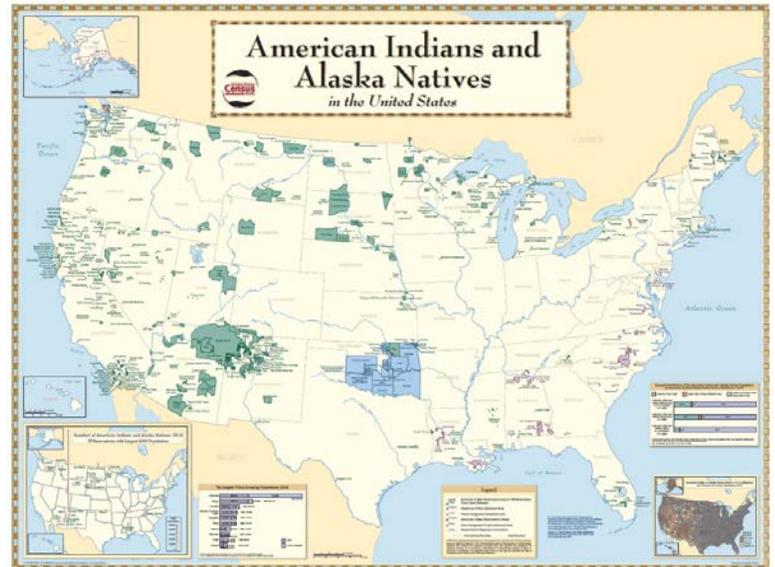
Lead Agencies may find the following content useful in their efforts but should not rely on these documents to assure compliance.

- ◆ [Child Care Resources for Disasters and Emergencies](#) (Office of Child Care web page)
- ◆ [Statewide Disaster Plan \(or Disaster Plan for a Tribe's service area\) for Child Care](#) (Information memorandum CCDF-ACF-IM-2017-0, November 27, 2017)
 - [Appendix A: Checklist for Developing Child Care Emergency Preparedness and Response Plans](#)
 - [Appendix B: Emergency Preparedness and Response Resources for Child Care](#)
- ◆ [Transmittal of Federal Emergency Management Agency \(FEMA\) Disaster Assistance Guidance– Public Assistance for Child Care Services](#) (Information memorandum CCDF-ACF-IM-2018-01, February 27, 2018)
- ◆ [Flexibility in Spending CCDF Funds in Response to Federal or State Declared Emergency Situations](#) (Information memorandum CCDF-ACF-IM-2017-02, November 27, 2017)
- ◆ [Emergency Preparedness, Response, and Recovery \(EPRR\) Discussion Brief Series](#) (September 2017). These briefs are provided to CCDF grantees and their partners to offer guidance regarding strategies and options for consideration in the development of state and territory child care disaster plans.
 - [How States and Territories Can Plan to Recover](#): This brief discusses approaches and strategies to support recovery of child care operations as well as children and families.
 - [How States and Territories Prepare to Support Special Populations in Emergencies and Disasters](#): This brief provides considerations for planning for the needs of infants and toddlers, children with disabilities and children with special medical conditions.
 - [Continuation of Child Care Services: Louisiana's Experience](#): This brief describes one state's responses to disaster in its CCDF program across licensing, subsidy, and the early childhood workforce.
 - [What Data Are Needed to Support Planning, Response, Recovery?](#): This brief addresses what information and data are needed following disaster.
 - [How Do States and Territories Plan for and Respond to Hostile Intruders?](#): Child care programs need to plan for lockdown, and this brief discusses how CCDF Lead Agencies can support their planning and preparation, response, and recovery.
- ◆ [Responding to the Needs of Children and Families Following Disaster](#): American Psychological Association

Tribes and Tribal Organizations

There are more than 570 federally recognized tribes in the United States, each with its own unique language and culture. More than 4.2 million people are enrolled in federally recognized tribes in the U.S.

Though this resource guide is not intended as a definitive resource for tribal CCDF Administrators, the Act does provide an expectation that states and tribes and tribal organizations will coordinate on key aspects of child care services. Further, it is helpful for Lead Agencies to have an understanding of the funding parameters and expectations for the tribes and tribal organizations in their state. Resources for American Indian and Alaska Native CCDF grantees are located on the Early Childhood Training and Technical Assistance System [website](#). Note: For the purposes of this section, the word *tribe* is used inclusively for tribes and tribal organizations.



Source: U.S. Census Bureau. (2010). *2010 American Indians and Alaska Natives in the United States map*.
<https://www.census.gov/geographies/reference-maps/2010/geo/aian-wallmaps-2010.html>

State-Tribal Collaboration

The Child Care and Development Block Grant (CCDBG) Act includes several provisions that increase the need for close coordination between states and tribes in implementing their CCDF-funded child care services. Under the law, states must do the following:

- ◆ Consult and coordinate with tribes in their state in a timely manner in the development of the CCDF Plan (at the tribe's option).³⁸ States must also be proactive in reaching out to tribal officials for collaboration and are required to describe in their Plans how they collaborated and coordinated with tribes.
- ◆ Ensure that required training and professional development offerings are accessible to CCDF child care providers supported through Indian tribes or tribal organizations and, to the extent practicable, appropriate for American Indian and Alaska Native children.³⁹
- ◆ Describe in their CCDF Plans how they coordinate services with a number of different groups, including tribal early childhood programs, in order to expand accessibility and continuity of care, and to help children receive full-day services.⁴⁰
- ◆ Demonstrate how they are encouraging partnerships among other entities, including tribes and tribal organizations, to leverage existing service delivery systems for child care and development services, and to increase the supply and quality of child care services.⁴¹

In addition to the required areas of coordination, states are encouraged to engage in government-to-government dialogue and collaboration with tribes as key stakeholders in *all* aspects of their CCDF program development and implementation.

³⁸ CCDBG Act of 2014 658E(c)(2)(G)(ii); Child Care and Development Fund, 45 C.F.R. § 98.14(a)(1) (2016).

³⁹ CCDBG Act of 2014 658D(b)(1)(E); Child Care and Development Fund, 45 C.F.R. § 98.44(b) (2016).

⁴⁰ CCDBG Act of 2014 658E(c)(2)(O)(i); Child Care and Development Fund, 45 C.F.R. § 98.14(a)(1) (2016).

⁴¹ CCDBG Act of 2014 658E(c)(2)(P).

Tribal Allocations¹¹

Through the CCDBG Act, American Indian and Alaska Native (AI/AN) grantees will receive no less than 2 percent of discretionary CCDF funding and up to 2 percent of mandatory CCDF funding. More than 500 federally recognized Indian tribes, Alaska Native villages, and a Native Hawaiian organization access these CCDF funds directly or through consortium arrangements.

The CCDF final rule recognizes that tribes receiving smaller CCDF grants may not have sufficient resources or infrastructure to effectively operate a program that complies with all CCDF requirements. Therefore, the final rule laid out three categories of tribal CCDF grants, with thresholds established by the Secretary of Health and Human Services: large allocations, medium allocations, and small allocations. Each category is paired with different levels of CCDF requirements, with tribes receiving the largest allocations expected to meet most CCDF requirements. To account for the size of the grant awards, tribes receiving smaller allocations are exempt from specific provisions.

Tribal Grantee Allocations

- **Large:** Receives more than \$1 million in funding
- **Medium:** Receives between \$250,000 and \$1 million
- **Small:** Receives less than \$250,000

The main distinctions between requirements for each tribal grantee category are outlined below. **This high-level overview is not inclusive. Refer to the final rule for more details on requirements for tribes and tribal organizations.**

According to the final rule, large-allocation grantees (receiving more than \$1 million in funding) are

- ◆ subject to the majority of CCDF requirements;
- ◆ exempt from some requirements, including, but not limited to, the consumer education website, the requirement to have licensing for child care services, the market rate survey or OCC approved alternative methodology (though they are still required to have rates that support quality), and the training and professional development framework;
- ◆ subject to the monitoring requirements, but allowed the flexibility to propose an alternative monitoring methodology in their Plans; and
- ◆ subject to the background check requirements, but allowed to propose an alternative background check approach in their Plans.

Medium-allocation grantees (with funding levels between \$250,000 and \$1 million) are

- ◆ allowed the same exemptions as the large allocation category, and
- ◆ exempt from operating a certificate program.

Small-allocation grantees (with funding levels below \$250,000) are exempt from the majority of CCDF requirements, including the exemptions for large- and medium-allocation categories.

- ◆ Small-allocation grantees must spend their funds in alignment with CCDF goals and purposes.
- ◆ These grantees will submit an abbreviated CCDF Plan.
- ◆ They are subject to
 - the health and safety requirements;
 - the monitoring requirements;

- the background check requirements;
- the quality spending requirements (except the infant and toddler quality spending requirements);
- the eligibility definitions of Indian child and Indian reservation and service area;
- the 15 percent administrative cap;
- the fiscal, audit, and reporting requirements; and
- any other requirement defined by the Secretary of Health and Human Services.

The CCDBG Act reaffirmed tribes' ability to request to use CCDF funds for construction or renovation purposes. The Act continues to disallow the use of CCDF funds for construction or renovation if the work will result in a decrease in the level of child care services. However, the Act now allows for a waiver for this clause if the decrease in child care services is temporary. Tribes are also required to submit a plan to the Administration for Children and Families demonstrating that the level of child care services will increase or the quality of child care services will improve after the construction or renovation is completed.⁴²

Some states have associations or organizations that bring AI/AN CCDF Administrators together. The National Indian Child Care Association (NICCA) is also a good resource for AI/AN CCDF Administrators. NICCA is a national organization whose mission is "to promote high quality culturally relevant child care and development and to unify tribes and tribal organizations by providing leadership, support and advocacy on behalf of American Indians, Alaska Natives, and Native Hawaiians."¹²

The CCDF regulations provide significant flexibility for tribes to design and administer their programs to best address the unique needs of their communities. In addition, the law and regulations assure that AI/AN children are not excluded from state CCDF services as a result of their eligibility for tribal CCDF services. This is referred to as dual eligibility. To receive services under a program, the child must still meet other specific eligibility criteria of that program. The CCDBG Act does not allow a state to have a blanket policy making American Indian and Alaska Native (AI/AN) children ineligible for the state's child care program.

⁴² CCDBG Act of 2014 6580(c)(6); Child Care and Development Fund, 45 C.F.R. § 98.12(c) (2016).

Part 3. Promote Family Engagement through Outreach and Consumer Education

This section provides an overview of the requirements related to consumer and provider education and interactions with parents to help them make the best child care choice for their families, including the requirement for a state consumer education website. Developmental screenings are included in this section.

Introduction

The Child Care and Development Block Grant (CCDBG) Act of 2014 enhanced the statutory purposes of the Child Care and Development Fund (CCDF) program to better balance the dual purposes of promoting children's healthy development and school success, and supporting parents who are working or in training or education.

Within the context of these goals, one of the stated purposes of the CCDBG Act is "to promote involvement by parents and family members in the development of their children in child care settings."⁴³ One of the ways in which Lead Agencies can promote involvement is through dissemination of consumer education information. In addition, consumer education provides information about child care services and assists parents in making informed choices.

The CCDBG Act of 2014 specified dates when certain provisions were effective and allowed time for Lead Agencies to implement the requirements:

- ◆ Monitoring, including annual inspections of CCDF providers, became effective on November 19, 2016.
- ◆ Posting results of monitoring and inspection reports became effective on November 19, 2017.
- ◆ Criminal background checks became effective on September 30, 2017 (further clarification is provided in [part 6](#)).
- ◆ Where the Act did not specify a date, the statutory requirements became effective upon the date of enactment (November 19, 2014), and states had until September 30, 2016, to implement them.

Information about Child Care Financial Assistance Program Availability and Application Process⁴⁴

In their CCDF Plans, states⁴⁵ must describe how they inform eligible parents, the general public, and, where applicable, child care providers about how they can apply for, and potentially receive, child care services. Lead Agencies can inform families about available services in a number of ways, such as the following:

- ◆ Needs assessments through state planning agencies
- ◆ Community outreach
- ◆ Partnerships with state or local agencies and organizations

⁴³ CCDBG Act of 2014 658A(b)(3).

⁴⁴ CCDBG Act of 2014 658E(c)(2)(E) and Child Care and Development Fund, 45 C.F.R. § 98.33(b) (2016).

⁴⁵ CCDF regulations define *state* as follows: "any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes Tribes unless otherwise specified" [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)]. For ease of reading, the term *state* is used inclusively throughout this resource unless otherwise specified.

- ◆ Public service announcements
- ◆ Websites

In addition to providing information about the availability of services, Lead Agencies can help families by accepting child care applications through multiple avenues. For example, Lead Agencies can accept applications submitted in person, online, by mail and email, and at child care sites.

Consumer Statement

Parents receiving assistance under CCDF must be given a consumer statement with easily understandable information about the provider they choose, including the following:

- Provider-specific information that addresses health and safety requirements and other licensing requirements—including those met by the provider and any history of violations
- Date of last inspection
- Voluntary quality standards met by the provider

The statement must also include general information about the following topics:

- How subsidies are designed to promote equal access
- How to submit a complaint via the state hotline
- How to contact local child care resource and referral agencies or other community-based organizations that can assist with finding and enrolling in quality child care

The consumer statement may be presented as a hard copy or electronically. Lead Agencies may provide the statement by referring to the consumer education website. In such cases, the Lead Agency should ensure that parents have access to the Internet or provide access onsite in the subsidy office. Also, information on consumer statements should be accessible to individuals with limited English proficiency and individuals with disabilities.

Consumer Education Website⁴⁶

States are required to make consumer education materials, including the results of monitoring and inspection reports, available by “electronic means.” For this provision, ACF has interpreted that “electronic means” refers to a consumer-friendly and easily accessible website. States are required to create and maintain a website that ensures the widest possible access to services for families who speak languages other than English and for people with disabilities.

While states do have flexibility on the “look” or design of the consumer education website, the Act and final rule define “required” and “recommended” elements of consumer education.

There are **12 required** consumer information components. This section presents the required components that states must offer on their child care consumer education websites. Requirements are organized by topic. These components are as follows:

Required State-Level Consumer Education Components:

1. Contact information for referrals to local child care resource and referral organizations.

⁴⁶ CCDBG Act of 2014 658E(c)(2)(E); Child Care and Development Fund, 45 C.F.R. § 98.33 (2016).

2. Directions on how parents can contact the Lead Agency, or its designee, and other programs to better understand information on the website.
3. Lead Agency policies and procedures relating to child care, including an explanation of:
 - how the Lead Agency licenses child care providers, including the rationale for exempting providers from licensing requirements;
 - the procedure for conducting monitoring and inspections of child care providers;
 - policies and procedures related to comprehensive criminal background checks for staff members of child care providers; and the offenses that prevent individuals from being employed by a child care provider, serving as a child care provider, or receiving CCDF funds.
4. Aggregate Reporting: CCDF requires that “Lead Agencies must post the aggregate number of deaths, serious injuries, and instances of child abuse that occurred in child care settings each year, for eligible child care providers [45 CFR 98.33(a)(5); section 658E(c)(2)(D)]. The information on deaths and serious injuries must be separately delineated by category of provider (for example centers, family child care homes) and licensing status (for example, licensed or license-exempt).” The information should include:
 - the total number of serious injuries of children in care by provider category/licensing status;
 - the total number of deaths in care by provider category/licensing status;
 - the total number of substantiated cases of child abuse in child care settings; and
 - the total number of children in care by provider category/licensing status.
5. Aggregate number of deaths in child care settings each year.
6. Aggregate number of serious injuries in child care settings each year.
7. Aggregate instances of substantiated child abuse in child care settings each year. Since the report should display data totals, the report should not include provider-specific information or names.

Note: for items 5–7: The aggregate information on data report on serious injuries, and deaths, and total children in care must be organized by category of care (center, family child care, etc.) and licensing status for all eligible CCDF provider categories in the state. The information on data on instances of substantiated cases of child abuse does not have to be organized by category of care or licensing status. The aggregate number of serious injuries, deaths, and instances of substantiated abuse in child care must include information about any child in the care of a provider eligible to receive CCDF, not just children receiving subsidies. States and territories must also include the total number of children in care by provider category and licensing status. This helps families view the serious injuries, deaths, and substantiated cases of abuse data in context. For licensed care, states and territories can provide an estimated number of children in care based on the capacity of licensed programs rather than actual enrollment or attendance numbers. For license-exempt care, states and territories have the option of indicating “not applicable” or N/A if they do not have a way of estimating the number of children in care or, at a minimum, including the number of children receiving CCDF assistance in license-exempt programs.

Office of Child Care. (2016). *Child Care and Development Fund final rule frequently asked questions*.

<https://www.acf.hhs.gov/occ/resource/ccdf-final-rule-faq#Consumer%20Education>

8. Date of last inspection.
9. Corrective actions (if applicable).
10. Three years of monitoring data.
 - Inspection and Monitoring Reports: Results of provider-specific monitoring and inspection reports for the required annual monitoring visits and visits due to major substantiated complaints about a

provider's failure to comply with health and safety requirements and child care policies. The following apply to the posting of inspection and monitoring reports:

- a. Lead Agencies must post the full monitoring and inspection reports for all licensed child care providers (regardless of whether they serve children receiving CCDF) and all nonrelative child care providers eligible to deliver CCDF services. States and territories may exclude relative-only providers.
- b. The reports must be posted in a timely manner to ensure that the current reports are available for parents when they are choosing a child care provider.
- c. States must post full monitoring and inspection reports in easy-to-understand, plain language so that families can easily understand them. If full reports are not in plain language, Lead Agencies must then post a plain language summary of the report in addition to the full report. Both the summary and full report must include the following:
 1. Date of inspection
 2. Corrective actions taken by the Lead Agency and child care provider, where applicable.
 3. Prominently display of any health and safety violations, including any fatalities or serious injuries that occurred at that child care provider site.

The report or summary must include the health and safety violations and any serious injuries or deaths that occurred at the provider site. The following apply to the posting of monitoring reports:

- a. Reports must be available for all licensed providers and nonrelative providers eligible to provide CCDF services.
 - b. States and territories may exclude relative-only providers.
 - c. The reports must be in easy-to-understand language (as defined by the state or territory) and be timely to ensure that the results of the reports are available and easily understood by parents when they are deciding on a child care provider.
 - d. Lead Agencies must post at least 3 years of reports when available, going forward (not retrospectively), beginning October 1, 2018.
11. Contact information for referrals to local child care resource and referral organizations.

Provider-level Consumer Education Components:

12. A localized searchable list of all licensed child care providers searchable by zip code. At Lead Agency discretion, all child care providers eligible to deliver CCDF services (other than an individual who is related to all children for whom child care services are provided), may be included and identified as either licensed or license-exempt. The list does not have to contain providers caring for children to whom they are related.

Note that this requirement had an implementation deadline. See the [attachment to Program Instruction CCDF-ACF-PI-2015-02: Timeline of Effective Dates for States and Territories: Child Care and Development Block Grant \(CCDBG\) Act of 2014](#).¹³

The Office of Child Care issued an information memorandum (IM) related to child care consumer education website requirements and resources. The IM provides guidance and best practices to help state and territory Lead Agencies design, implement, and maintain the required Child Care and Development Fund consumer education websites. See the [attachment to Child Care Consumer Education Website Requirements and Resources](#), CCDF-ACF-IM-2018-02. Additionally, the Child Care State Capacity Building Center has published a series of guides, tools, and webinars to help state and territories create and maintain effective and family-friendly child care consumer education website.

Resources for Requirements

State and Territory Child Care Consumer Education Website: Self-Assessment Checklist

This checklist is designed to be utilized as a self-assessment tool by states as they review their child care consumer education website for 1) alignment with CCDF consumer education website requirements; 2) recommendations within the preamble to the CCDF final rule; and 3) additional best practice considerations for user-friendly website design. The items within each section of the checklist reference the regulatory requirements within the CCDBG Act of 2014 and the CCDF final rule at 45 C.F.R. 98.33.

The tool can also be used to track the state or territory's progress with its design and implementation of the child care consumer education website. Some of the consumer education information may be provided by offering a link to child care licensing, child care resource and referral (CCR&R) agencies, the child care subsidy website, and other state or territory government departments, offices, or agencies that offer the required child care consumer education information. The tool can also be helpful to document the URLs and links to other sites providing consumer education.

The checklist can be accessed at <https://childcareta.acf.hhs.gov/resource/ccdf-consumer-education-website-requirements-fillable-checklist>

Aggregate Data Template for Posting Serious Incidents

This guide describes the requirements for posting aggregate data and provides an example of how states and territories can display the aggregate number of serious injuries, deaths, and instances of substantiated abuse in child care on their consumer education websites to meet CCDF regulations. The template can be accessed at <https://childcareta.acf.hhs.gov/resource/template-displaying-serious-injuries-deaths-and-instances-substantiated-child-abuse-child>.

Consumer Education Requirements Infographic Handout

This handout lists all of the requirements associated with the consumer education website, as well as CCDF recommended features. The handout can be accessed at <https://childcareta.acf.hhs.gov/resource/ccdf-consumer-education-website-requirements-infographic>.

Additional Consumer and Provider Education Information Requirements (not required on consumer education website)⁴⁷

Lead Agencies must also disseminate certain consumer education information to parents, the general public, and, where applicable, child care providers. In addition to the consumer education website, the consumer education information can be provided through CCR&R organizations or through direct conversations with eligibility case workers and child care providers, or other means determined by the Lead Agency. Outreach and counseling can also be effectively provided via information sessions or intake processes for families. (Refer to [Define CCDF Leadership and Coordination with Relevant Systems](#) for additional information about CCR&R agencies.)

Lead Agencies can also partner with other organizations, such as Temporary Assistance for Needy Families (TANF) agencies, Head Start programs, schools, and religious organizations to ensure that parents have access to consumer education information. Regardless of how the information is distributed, it must include the following:

⁴⁷ CCDBG Act of 2014 658E(c)(2)(E); Child Care and Development Fund, 45 C.F.R. § 98.33 (2016).

- ☑ The availability of child care services provided through CCDF, other early childhood education programs for which families might be eligible such as state prekindergarten, and the availability of financial assistance to obtain child care services.
- ☑ Other programs for which families receiving CCDF may be eligible, including TANF, Head Start and Early Head Start, the Low-Income Home Energy Assistance Program (LIHEAP), the Supplemental Nutrition Assistance Program (SNAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Child and Adult Care Food Program (CACFP), and the State Children’s Health Insurance Program (SCHIP).
- ☑ Programs carried out under Part B, Section 619, and Part C of the Individuals with Disabilities Education Act (IDEA).
- ☑ Research and best practices concerning children’s development, including physical health and development, particularly healthy eating and physical activity. Information about successful parent and family engagement should also be shared.
- ☑ State policies regarding the social-emotional and behavioral health of children, and policies to prevent expulsion of children between birth and age 5 from child care and other early childhood programs.

ChildCare.gov⁴⁸

As a companion to state-level consumer education information, a national website, ChildCare.gov, provides information to parents to help them access, 24/7, safe and quality child care services in their communities, with a range of price options, that best suit their family’s needs.

Features of ChildCare.gov include the following:

- ◆ **Nationwide capacity:** ChildCare.gov has the capacity to help families in every state, territory, and community in the nation.
- ◆ **Information at all hours:** ChildCare.gov provides, to parents and families, access to information about child care services 24 hours a day.
- ◆ **Services in different language:** ChildCare.gov ensures the widest possible access to services for families who speak languages other than English.
- ◆ **High-quality consumer education and referral:** ChildCare.gov ensures that families have access to easy-to-understand child care consumer education and referral services.⁴⁹

The website provides to consumers, via a zip code search, the following information:

- ◆ A localized list of all eligible child care providers, differentiating between licensed and license-exempt providers
- ◆ Provider-specific information from a quality rating and improvement system or information about other quality indicators, to the extent the information is publicly available and to the extent practicable
- ◆ Other provider-specific information about compliance with licensing and health and safety requirements, to the extent the information is publicly available and to the extent practicable
- ◆ Referrals to local resource and referral organizations that offer consumers more information about child care providers

⁴⁸ CCDBG Act of 2014 658L(b); Child Care and Development Fund, 45 C.F.R. § 98.3(e) (2016).

⁴⁹ CCDBG Act of 2014 658L(b).

- ◆ State and territory information about child care subsidy programs and other financial supports available to families
- ◆ Resources on child development

Additional Resources

Specific on how families can use Childcare.gov can be found [here](#).¹⁴



Developmental Screenings

Educating parents and caregivers on what resources are available for developmental screenings, as well as how to access these screenings, is crucial to ensuring that developmental delays and disabilities are identified early. The CCDF final rule requires that information about developmental screenings be provided to parents as part of the child care assistance intake process, and to providers through training and education. This information must cover the following:⁵⁰

- ☑ Information on developmental screenings, including information on resources and services the state can provide for developmental screenings and referrals to services for children receiving CCDF assistance, including the coordinated use of the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program and developmental screening services available under Part B, Section 619, and Part C of the Individuals with Disabilities Education Act (IDEA)
- ☑ How families and child care providers can use these resources to obtain developmental screenings for children who receive subsidies and who may be at risk of cognitive or other developmental delays, which can include social, emotional, physical, or linguistic delays

The developmental screening process can be difficult for parents and child care providers to navigate, particularly those with limited English proficiency and low literacy rates. States can play a critical role by working across child care and other service systems to ensure that parents and child care providers have the information and supports they need to help children who might be at risk for social, emotional, physical, or linguistic delays. The [Resource Guide: Child Development Resources for Parents and Providers](#) includes information about resources in your state and community, publications with child development information, links to information on the web, and a list of programs that distribute books to parents and providers.

Outreach to Families with Limited English Proficiency and Disabilities

Lead Agencies must ensure that all consumer and provider education materials provide the widest possible access to services for families who speak languages other than English and for families with disabilities. The CCDF final rule requires states to include a description of how the Lead Agency will provide outreach and services to eligible families with limited English proficiency and those with disabilities. States are also required to describe how they facilitate participation of child care providers with limited English proficiency and disabilities in the subsidy system.⁵¹

In regard to families and providers with limited English proficiency, these strategies may include the following:

⁵⁰ CCDBG Act of 2014 658E(c)(2)(E)(ii); Child Care and Development Fund, 45 C.F.R. § 98.33(c) (2016).

⁵¹ Child Care and Development Fund, 45 C.F.R. § 98.33(a) (2016).

- ◆ Providing applications and informational materials in non-English languages
- ◆ Providing training and technical assistance materials in non-English languages
- ◆ Maintaining a website with non-English language versions
- ◆ Accepting applications at community-based locations
- ◆ Making bilingual outreach workers, caseworkers, or translators available to families

Strategies for outreach to individuals with disabilities may include the following:

- ◆ Informing persons with disabilities how they can access auxiliary aids or services.
- ◆ Assuring the consumer education website complies with section 508 of the Rehabilitation Act of 1973, as amended

Additional Resources

- ◆ [Consumer Education Resources](#): This web page lists all the federal resources on consumer education. These resources can provide guidance to states and territories as they develop and implement effective consumer education resources for families.
- ◆ [Consumer Education: Information about Provider Monitoring and Oversight](#) (2015), by the National Center on Early Childhood Quality Assurance.
- ◆ [Building a Comprehensive State Policy Strategy to Prevent Expulsion from Early Learning Settings, 2nd edition](#). This tool is designed to support states and territories in reducing the likelihood of expulsion and suspension in early learning.
- ◆ The [School-Age Consumer Education Toolkit](#) shares consumer education information, including state examples and resources, on the physical, social, and emotional health and development of school-age children and engagement efforts with their parents and families. In addition, the toolkit features a video that shows the importance of afterschool and summer care for families, with data and details about the experiences of children served through federal subsidies.
- ◆ [Resources for Families](#). This Office of Child Care web page has additional resources about consumer education for families.

Part 4. Provide Stable Child Care Financial Assistance to Families

Information found in this part is connected to consumer education and outreach, standards for health and safety, and continuous quality improvement. It is of vital importance that families understand not only how to apply for assistance but also how the child care environment and quality of care affect their children's development.

This part contains an overview of Child Care and Development Fund (CCDF) requirements for providing more stable child care financial assistance to families on their path to financial stability. These requirements include extending children's eligibility for child care regardless of temporary changes in parents' earnings and work, training, or school schedules. Eligibility, parent fees, and increasing access are outlined in this section.

Introduction

The Child Care and Development Block Grant (CCDBG) Act of 2014 added requirements that provided more stable child care financial assistance—commonly referred to as *subsidy* in many states⁵²—to families on the path to financial stability. This includes extending children's eligibility for child care regardless of temporary changes in parents' earnings and work, training, or school schedules, making it easier for parents to maintain employment or finish education programs.

How Subsidy Works: An Example



Eligible Children and Families⁵³

Though states have flexibility in administering the subsidy program, the CCDF sets certain eligibility criteria that must be addressed by the state and met by families to receive services.

⁵² CCDF regulations define *state* as follows: "any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes Tribes unless otherwise specified" [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)]. For ease of reading, the term *state* is used inclusively throughout this resource unless otherwise specified.

⁵³ CCDBG Act of 2014 658P(4); Child Care and Development Fund, 45 C.F.R. § 98.20 (2016).

Lead Agencies must have in effect policies to govern the use and disclosure of confidential and personally identifiable information about children and families receiving CCDF assistance and child care providers receiving CCDF funds.

Child Age, Citizenship, and Residence

CCDF regulations allow Lead Agencies to serve families with children younger than 13 years, or children who turn 13 during the eligibility period, (or through age 18 if the child is mentally or physically incapable of self-care or is under court supervision). Children must be U.S. citizens or qualified aliens,⁵⁴ and must reside with parents, legal guardians, foster parents, or individuals acting in loco parentis.

Lead Agencies are required to take into consideration children's development and promote continuity of care when authorizing child care services.

Lead Agencies are required to have procedures for documenting and verifying that children receiving CCDF funds meet eligibility criteria at the time of eligibility determination and redetermination. Lead Agencies should note that there are no federal requirements for specific documentation or verification procedures.

American Indian and Alaska Native (AI/AN) children

American Indian and Alaska Native (AI/AN) children are dually eligible to receive services from a tribal or state CCDF program. This means that, for child care services funded by CCDF, AI/AN children's eligibility for a tribal program does not affect their eligibility for a state program. To receive services under a program, children must still meet the specific eligibility criteria of that program, but states cannot have a blanket policy of refusing to provide child care services to AI/AN children. Dual eligibility provides tribes and states a unique opportunity to coordinate services to ensure that high-quality child care is available and affordable for eligible AI/AN children.¹⁵

Parental Activities and Reason for Care

Parents must be working or participating in education or training activities, except for temporary interruptions. However, children receiving, or in need of receiving, protective services may be eligible even if their parents do not otherwise meet work or activity requirements.

Lead Agencies are not required to determine families' need for care based solely upon the actual hours parents attend work, education, and training activities. Lead Agencies have flexibility to consider children's' developmental needs and specific family circumstances, such as jobs requiring split work schedules, breaks between education courses, and sleep time for parents who work multiple jobs or have nontraditional work hours. The law also requires that states not unduly disrupt parents' employment in order to maintain their eligibility, and that they adopt processes that take into account irregular fluctuations in earnings.¹⁶

⁵⁴ A "qualified alien" is

- An alien lawfully admitted for permanent residence under the Immigration and Nationality Act ("INA");
- An alien granted asylum under section 208 of the INA;
- A refugee admitted to the U.S. under section 207 of the INA;
- An alien paroled into the U.S. under section 212(d)(5) of the INA for at least one year;
- An alien whose deportation is being withheld under section 243(h) of the INA as in effect prior to April 1, 1997, or whose removal is being withheld under section 241(b)(3) of the INA;
- An alien granted conditional entry pursuant to section 203(a)(7) of the INA as in effect prior to April 1, 1980;
- An alien who is a Cuban or Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980; or
- An alien who (or whose child or parent) has been battered or subjected to extreme cruelty in the U.S. and otherwise satisfies the requirements of Sec. 431(c) of the Act.

[Interim Guidance on Verification of Citizenship, Qualified Alien Status and Eligibility under Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, 62 Fed. Reg. 61,344 (Nov. 17, 1997). <https://www.govinfo.gov/app/details/FR-1997-11-17/97-29851>]

Lead Agencies are required to provide the following definitions in their CCDF Plans:

- ◆ **Working:** Any work-related activities may be included in the definition of working, including periods of job search, travel time to and from work, self-employment, and temporary interruptions.
- ◆ **Attending job training or educational program:** Any training or education-related activities may be included in this definition, including study time, travel time to and from education or training, and attendance of online courses in the home.
- ◆ **Protective services:** This definition may extend beyond formal child welfare, foster care, or subsidized guardianship cases. Lead Agencies may elect to include other vulnerable populations, such as homeless children, children of teen parents, and children at risk of needing protective services.

Family Income

Family income must be at or below 85 percent of the state median income (SMI) and family assets cannot exceed \$1 million. Lead Agencies have the flexibility to set the maximum income for eligibility as long as it does not exceed 85 percent of SMI. Every state is now required to have two-tier eligibility, unless the initial eligibility threshold is set at 85 percent of SMI.

Lead Agencies may deduct or exclude some types of income when determining eligibility. Common exclusions include federal and state tax credits; income from scholarships, grants, and loans; means-tested government benefits (such as Temporary Assistance for Needy Families [TANF]), Social Security, and the Supplemental Nutrition Assistance Program [SNAP]); in-kind income; child support payments or arrearages; and nonrecurring lump-sum benefits. Lead Agencies can also exclude income from certain family members. Common exclusions include income from children younger than 18, minor parents and their parents, and foster parents and subsidized guardians.

Increasing Access for Vulnerable Children and Families⁵⁵

CCDF regulations requires Lead Agencies to target their efforts and funds toward specific populations of families and children who are vulnerable, at risk, and underserved. The Child Care and Development Block Grant (CCDBG) Act identifies many of those populations and provides states flexibility in determining approaches they might use to support these populations. There are several ways to include these families and children in the child care subsidy program:

- ◆ Establishing priority groups for eligibility
- ◆ Defining terms such as protective services
- ◆ Conducting outreach and coordinating services
- ◆ Setting differential rates or waiving copayments
- ◆ Increasing the supply of child care targeted to an underserved population

When training staff to work with families who are seeking subsidized child care, consider this resource by the National Center for Parent, Family and Community Engagement supported by the National Center for Subsidy, Innovation and Accountability—[Promoting Informed Child Care Choices: A Training Guide for Child Care Subsidy Staff](#).

⁵⁵ CCDBG Act of 2014 658E(c)(3)(B)(i); Child Care and Development Fund, 45 C.F.R. §§ 98.46, 98.51 (2016).

This training guide consists of ten modules, which can be used by groups or individuals. Each module offers ways to enhance skills and knowledge related to consumer education and parent, family, and community engagement. These skills and knowledge are important because every interaction parents have with the subsidy system is an opportunity for subsidy staff to:

- ◆ support families' well-being and parents' abilities to work help ensure that children from low-income households have the best possible early childhood and school-age care and education experiences; and
- ◆ promote family engagement in children's learning and development.

The training modules may also help staff feel and be more responsive when a family cannot immediately be served with subsidy.

Priority Groups

CCDF regulations require Lead Agencies to give priority for child care assistance to children with special needs, living in families with very low incomes, and experiencing homelessness. The Lead Agency may define these groups and others as higher priority than other families and children. The state can choose to guarantee subsidy eligibility or serve them first when funding is limited and the state implements a waiting list or program closure. Lead Agencies may specify other policies for priority groups, such as differential rates or quality funds for providers.

Protective Services

A child who resides with a parent and receives or needs to receive protective services is eligible for child care subsidy to the extent that the Lead Agency defines the term *protective services* within the CCDF Plan. The protective services category does not need to be limited to families formally involved with the child welfare system. The protective services category allows families to access the CCDF program by removing some of the eligibility criteria that apply to families who are not receiving protective services. Lead Agencies define the category and the policies regarding how the child qualifies, including granting eligibility without regard to income on a case-by-case basis, establishing criteria for waiving copayments, and so forth. The Lead Agency has the option to place these children in high-priority groups for eligibility, exempting them from waiting lists and waiving income and work requirements.

Children with Disabilities

Language in the CCDBG Act establishes a definition of "children with disabilities" and allows the Lead Agency to add other conditions that may broaden it even further. Under the law, Lead Agencies have the option to differentiate payment rates based on the needs of children, such as children with disabilities, and must coordinate services and provide parents with information about access to services (such as the Individuals with Disabilities Education Act [IDEA]). In addition, professional development of providers should, to the extent practicable, be appropriate for a population of children that includes children with disabilities. Lead Agencies also have the option to use quality dollars for specialized training for child care providers caring for children with disabilities.

Strategies Supporting Families Experiencing Homelessness

- Same definition of homelessness used by Head Start and the U.S. Department of Education programs
- Priority for services
- Grace period on immunizations
- Flexibility in defining "protective services"
- Training and technical assistance
- Outreach

Families Experiencing Homelessness

"Stable access to high-quality child care provides tremendous benefits to all children, especially our nation's most vulnerable children. Children and their families who experience homelessness face many challenges. Improving

access to child care can buffer children and families from the challenges and risks associated with homelessness by supporting children’s learning and development in safe, stable, and nurturing environments.”¹⁷

Lead Agencies must establish specific procedures to allow families experiencing homelessness access to the child care program. Families who are experiencing homelessness are supported in accessing child care subsidies and providers in a number of ways:

1. **Definition of homelessness:** CCDF now requires Lead Agencies to use the same McKinney-Vento definition used by Head Start and the U.S. Department of Education programs (Section 725 of Subtitle VII–B). Using a common definition across federal programs will lead to better consistency in identifying children and in information collection. In the definition’s most simple form, children are considered experiencing homelessness if they “lack a fixed, regular, and adequate nighttime residence.”⁵⁶

More specifically, the term includes the following groups:

- Children and youth who are
 - sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason (sometimes referred to as doubled-up);
 - living in motels, hotels, trailer parks, or camping grounds due to lack of alternative adequate accommodations;
 - living in emergency or transitional shelters;
 - abandoned in hospitals; or
 - awaiting foster care placement.
 - Children and youth who have a primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.
 - Children and youth who are living in cars, parks, public spaces, abandoned buildings, substandard housing, bus or train stations, or similar settings.
 - Children in migratory families who qualify as experiencing homelessness because they are living in circumstances described above.
2. **Priority:** The final rule added in children experiencing homelessness as one of the groups meeting “priority for child care services,” (along with children of families with very low family income and children with special needs). Priority may be shown by
 - prioritizing enrollment,
 - waiving copayments,
 - paying higher rates for access to higher-quality care, or
 - using grants or contracts to reserve slots for children experiencing homelessness.

Lead Agencies must meet certain requirements specific to serving children experiencing homelessness, including allowing children to be enrolled in CCDF services after the initial eligibility determination, even if their parents need additional time to provide all documentation. Access to care is further supported by requiring the Lead Agency to pay any amount owed to the provider for services provided if, after all documentation is provided to the Lead Agency, the family is determined ineligible. (Such payments will not be considered improper payments.)⁵⁷

⁵⁶ Section 725 of Subtitle VII–B of the McKinney-Vento Act (42 U.S.C § 11434a); Child Care and Development Fund, 45 C.F.R. § 98.2 (2016).

⁵⁷ Child Care and Development Fund (CCDF) Program, 81 Fed. Reg. 67,438, 67522 (Sept. 30, 2016) (codified at 45 C.F.R. pt. 98); Child Care and Development Fund, 45 C.F.R. § 98.51(a)(1)(ii) (2016)

3. **Grace period on immunizations:** Lead Agencies must establish a grace period to allow children who are experiencing homelessness (and children in foster care) to receive CCDF services while their families are taking the necessary actions to comply with immunization and other health and safety requirements. By allowing families experiencing homelessness a grace period to obtain or provide proof of their immunizations, children in these families are able to access care more quickly. In meeting this requirement, Lead Agencies must also do the following:
 - Consult with the appropriate state, territory, or tribal health department to establish the length of the grace period.
 - Coordinate with other relevant agencies in an effort to help families receiving services during the grace period comply with immunization and other health and safety requirements. Because of the importance of immunizations in protecting children's health, the Administration for Children and Families strongly encourages Lead Agencies to implement systemic supports to ensure that children get immunized.¹⁸
4. **Protective services:** As described above, the Lead Agency can determine which vulnerable populations meet the definition for protective services—which can be different from the traditional child welfare or foster care definition. Lead Agencies have the flexibility to include children experiencing homelessness and other vulnerable populations in their definition of protective services.¹⁹
5. **Training and technical assistance:** The state must use CCDF funds for activities to improve the quality or availability of child care, including training and technical assistance to providers on identifying and serving children and families experiencing homelessness.²⁰
6. **Outreach:** In addition, the state must conduct outreach specifically to families experiencing homelessness to ensure that children have access to child care services.

Building the Supply of Child Care

The key to increasing access to child care for at-risk populations is increasing the supply of child care services in underserved areas and for targeted groups. The law and final rule require states to develop strategies for increasing the supply and quality of child care services for these groups:

- ◆ Children in underserved areas
- ◆ Infants and toddlers
- ◆ Children with disabilities
- ◆ Children in nontraditional-hour care.

These strategies may include using grants and contracts, establishing alternative payment rates to providers, and offering child care vouchers. States must report in their CCDF Plans which strategies they use to increase the supply and improve the quality of child care services for underserved populations.

States must also include whether they plan to use grants and contracts in building supply, and how supply-building mechanisms will address the needs identified. Their descriptions must

- ◆ identify shortages in the supply of high-quality child care providers,
- ◆ list the data sources used to identify shortages, and
- ◆ describe the method of tracking progress to support equal access and parental choice.

Existing needs assessments and population data collected by State Advisory Councils, Head Start State Collaboration Offices, child care resource and referral agencies, and Head Start and Early Head Start grantees may help states make a determination of which needs are most pressing and how best to target state and CCDF funds to build the supply of quality care for particular populations.

The use of grants and contracts, as well as vouchers, is an allowable strategy for addressing the needs of underserved populations and communities. States can award grants and contracts to providers in order to provide financial incentives to offer care for special populations, require higher quality standards, and guarantee certain numbers of slots to be available for low-income children eligible for subsidy.

Grants and contracts can provide financial stability for child care providers by paying in regular installments, paying based on maintenance of enrollment, or paying prospectively rather than on a reimbursement basis. Without stable funding, it can be difficult for providers—particularly those in low-income or rural communities—to pay for the higher costs associated with providing high-quality child care. States are encouraged to explore how grants and contracts can be used as part of a strategy to increase the supply of high-quality care. While Lead Agencies may use grants and contracts to build supply, they must still provide CCDF families with the option of choosing a certificate or voucher to access child care.⁵⁸

Grants, Contracts, and Vouchers

Lead Agencies may provide services through *grants* and *contracts* with eligible providers to directly serve CCDF-eligible families.

Child care *vouchers*, also referred to as *certificates*, are issued by Lead Agencies directly to parents to confirm eligibility for payment for child care services.

⁵⁸ CCDBG Act of 2014 658E(c)(2)(A); Child Care and Development Fund, 45 C.F.R. § 98.30(a) (2016).

Protection for Working Families⁵⁹

In their CCDF Plans, states are required to describe how they will support and protect working families through specific strategies. Many of these strategies involve eligibility determination and redetermination policies. (Note that Part 5 addresses additional supports necessary to promote stable child care financial assistance for families and continuity of care for children.)



Minimum 12-Month Eligibility²¹

The Child Care and Development Block Grant Act of 2014 established a minimum 12-month eligibility period for families receiving child care services through CCDF. Lead Agencies must ensure that families receiving CCDF assistance will be considered eligible and will receive assistance for at least 12 months before their eligibility redetermination. The minimum 12-month eligibility period is regardless of temporary changes in parents' work or activities (see the box), and regardless of changes in family income, if the income does not exceed 85 percent of the state median income. Lead Agency procedures for eligibility redetermination should not require parents to unduly disrupt their employment.

The intent of this provision is to promote continuity of care and extend the time period that eligible children and families have access to child care assistance. Low-income families can experience rapid and multiple changes within a short period of time, and unemployment and job loss are very disruptive to families. Retention of eligibility during a temporary period of unemployment or extended leave due to illness, for example, can alleviate some of the stress on families and facilitate a smoother transition back into the workforce. Stable child care is critical to strengthening parents' ability to go to work, improve their prospects in the job market, and increase their earning potential.

⁵⁹ CCDBG Act of 2014 658E(c)(2)(N); Child Care and Development Fund, 45 C.F.R. § 98.21 (2016).

In addition, continuity is important for creating the stable conditions children need for their healthy development and preparing for school. Research shows that children have better educational and developmental outcomes when they have continuity in their child care arrangements. Concurrently, research has shown that frequent changes in arrangements are associated with higher levels of stress and negative behavior in young children (Dicker, S., and Gordon, E., Zero to Three, 2004).²²

Temporary Changes that Do Not Disrupt Eligibility

The final rule defines “temporary” to include, at a minimum:

- time-limited absences from work or school for an employed parent for reasons such as caring for a family member or illness;
- any interruption in work for a seasonal worker who is not working between regular industry work seasons;
- any student holiday or break for parents in training or education;
- any reduction in work, training, or education hours;
- other changes to work, education, or job training status of less than 3 months;
- any change in the child’s age, including turning 13 years old during the eligibility period; and
- any change in residency within the state, territory, or tribal service area.

Job Search and Continuity of Care

Lead Agencies have the option of terminating assistance before redetermination if a parent experiences a non-temporary change in work or activities; for example, if a parent loses employment. However, if the Lead Agency chooses this option, it must allow continued child care assistance for a reasonable period (not less than 3 months). This way, the parent can continue to receive assistance while looking for a new job or resuming training or education. Otherwise, the Lead Agency may not terminate assistance based on the non-temporary change in work or activities before the end of the minimum 12-month redetermination period.

Extending eligibility beyond the 3-month job search period facilitates a longer job search, making it easier for parents to apply for jobs and ensure that they have child care in place during the search for, and when, they find employment. This continued assistance for at least 3 months supports children’s development by maintaining continuity in their early learning setting. In supporting the two-generational approach, it also reduces the stress on families, facilitating a smoother transition back into the workforce.²³

Fluctuation in Earnings

Some parents’ earnings fluctuate throughout the year, and the Lead Agency must take this into account at eligibility determination and redetermination. This is particularly important for families who rely on work that is unpredictable or seasonal in nature, such as agriculture or construction work or work associated with tourism industries. These families may experience a temporary spike in income due to working increased hours (for example retail at the holidays, tourism in summer) over a short period, yet those earnings are not representative of the family’s income over the course of a year. States will have to demonstrate in their plan how their initial determination and redetermination processes take into account irregular fluctuations in earnings.

The methodology by which states capture family income determines the accuracy of the eligibility determination (or re-determination) with implications for eligibility as well as the amount of co-pay for which a family may be responsible. The following are some examples of policy options that would enable states to take into account irregular fluctuations in earnings and capture a more nuanced picture of family income:

- ◆ *Average Income:* To ensure that salary and wage information is reflective of annual income, a state has the option of averaging the family earnings over a period of time (for example looking at the family's earnings over a 12 month period, rather than a shorter period of time). States adopting this approach will need to consider how income changes that occur during the eligibility period should be considered, including situations in which a family may be expected to have monthly income above 85 percent of SMI for part of the year and much lower income in other months. States have the flexibility to allow such families to remain eligible for child care subsidies during their higher earning months based on past evidence that annual income is not expected to be above the 85 percent SMI standard. Considering a family's likely income over a year gives the state the ability to account for irregular fluctuations in pay over the course of a year and provide a more accurate picture of the family's financial situation.
- ◆ *Allow for Temporary Income Increases:* States can adopt policies that ensure that temporary changes in income, including temporary changes that mean that monthly income exceeds 85 percent of SMI (calculated on a monthly basis), do not affect eligibility or copayments. If a family temporarily sees its income rise but that change is not expected to be long-lasting, terminating eligibility or abruptly increasing copayments can destabilize the family and result in the family being left without needed assistance when the short-lived income increase has ended and the parent needs assistance to continue to work.²⁴

Graduated Phase-Out of Assistance

Providing a graduated phase-out promotes continuity by allowing for wage growth and a tapered transition out of the child care subsidy program. It supports long-term financial stability to help families get to a point where they no longer need the subsidy. Sudden withdrawal of support can destabilize and undermine a family's pathway to financial stability.²⁵

Unless its initial eligibility threshold is set at 85 percent of state median income (SMI), a Lead Agency must have procedures for a graduated phase-out of assistance for a family whose income at redetermination exceeds the initial eligibility limit but is still less than 85 percent SMI.

A graduated phase-out of assistance is achieved by establishing two tiers of eligibility: an initial income eligibility amount and a second income eligibility threshold at the time of redetermination. The second tier can be set at 85 percent of SMI or a lower amount so long as it's above the initial eligibility threshold. If the state opts to set the second tier at an amount lower than 85 percent of SMI, the following requirements apply:

- ◆ The threshold must account for the typical household budget of a low-income family.
- ◆ The Lead Agency must provide justification that the second eligibility level is sufficient to accommodate increases in family income over time that are typical for low-income workers; that it takes into account typical family expenses such as housing, food, health care, diapers, and transportation; and that it promotes and supports family economic stability and reasonably allows families to continue accessing child care services without unnecessary disruption.

States may adjust copayments for families during the graduated phase-out period to create a gradual shift in how families must adjust their budgets to cover the full cost of care once they are no longer receiving a subsidy. States should consider how to do this in a way that minimizes paperwork and reporting burdens on working families.

Family Copayment Contribution⁶⁰

The law requires most CCDF families to make a contribution to the cost of care through a copayment. Lead Agencies must establish and periodically revise a sliding fee scale (based on family size and income) that provides for cost-sharing for families receiving a subsidy. Family copayment contributions can also vary on the

⁶⁰ CCDBG Act of 2014 658E(c)(5); Child Care and Development Fund, 45 C.F.R. § 98.45(k) (2016).

basis of additional factors established at the Lead Agency's discretion, such as the number of children in care and whether the care is full- or part-time; however, states may not use the cost of care or amount of subsidy payment when determining copayments. Additionally, states should ensure that family copayments are not a barrier to families receiving assistance. States have flexibility in establishing their sliding fee scales and determining what constitutes a cost barrier for families.

The CCDF Plan Preprint requires Lead Agencies to provide a summary of the data and facts relied on to determine that each family's contribution is affordable and supports access to a full range of child care providers. The summary must include information on whether the Lead Agency allows providers to charge families additional amounts above the required co-payment when the provider's price exceeds the subsidy payment, including:

- ◆ The rationale for allowing providers to charge families additional amounts above the required co-payment, including a demonstration of how the policy promotes affordability and access for families
- ◆ Data on the size, frequency and extent to which CCDF providers charge such additional amounts
- ◆ An analysis of the interaction between the additional amounts charged to families above the required family co-payment, and the ability of current subsidy payment rates to provide access to care without additional fees
- ◆ How the family contribution/copayment is affordable and is not a barrier to families receiving CCDF funds

A recommended benchmark for an affordable copayment is 7 percent of a family's income.⁶¹

At the Lead Agency's discretion, copayments may be waived in three circumstances: 1) for families at or below the poverty level; 2) on a case-by-case basis for families receiving or at risk of receiving protective services; and 3) for families that meet other criteria established by the Lead Agency.

Additional Resources

[Family Co-payments and Sliding Fee Scales](#) (May 2018), by the National Center on Child Care Subsidy Innovation and Accountability.

⁶¹ CCDBG Act of 2014 658E(c)(5); Child Care and Development Fund, 45 C.F.R. § 98.45(k) (2016).

Part 5. Ensure Equal Access to Child Care for Low-Income Children

This part includes an overview of grants and contracts, market rate survey and OCC approved alternative methodology requirements, setting payment rates, and timely payments to providers.

The CCDBG Act of 2014 specified dates when certain provisions were effective and allowed Lead Agencies time to implement the requirements:

- ◆ Monitoring, including annual inspections of CCDF providers became effective on November 19, 2016.
- ◆ Posting results of monitoring and inspection reports became effective on November 19, 2017.
- ◆ Criminal background checks became effective on September 30, 2017 (further clarification is provided in [part 6](#)).
- ◆ Where the Act did not specify a date, the statutory requirements became effective upon the date of enactment (November 19, 2014), and states had until September 30, 2016, to implement them.

Parental Choice in Relation to Certificates, Grants, and Contracts⁶²

Child care *certificates*, also referred to as *vouchers*, are issued by Lead Agencies directly to parents to confirm eligibility for payment for child care. States⁶³ may issue certificates of eligibility before parents select a provider, but certificates are often linked to a specific provider of the parent's choice.

Some Lead Agencies also provide services through grants or contracts with eligible providers to directly serve Child Care and Development Fund (CCDF) eligible families. Grants and contracts may be used for increasing supply and quality of services for children in underserved areas and underserved populations (such as children with special needs or infants and toddlers), or for coordinating services with other programs (such as Head Start, prekindergarten, or afterschool care). Grants and contracts are also used to increase the supply of high-quality care.

The CCDBG Act emphasizes that Lead Agencies should increase the number and percentage of low-income children in high-quality settings. Lead Agencies have flexibility in determining the payment mechanisms for providing eligible low-income families with assistance. However, when grants and contracts are used, Lead Agencies must give parents the option of a child care voucher, even if a contracted slot is available.

Lead Agencies must ensure that, to the extent possible, parents have the opportunity to choose from the full range of eligible child care settings and must provide families with equal access to child care that is comparable to

Parental Choice

Parents should have the opportunity to choose from the full range of eligible child care settings:

- Center-based care: Care in a nonresidential, commercial-type setting
- Family child care: Care in the provider's home
- In-home care: Care in the child's home

⁶² CCDBG Act of 2014 658E(c)(2)(A), 658P(2); Child Care and Development Fund, 45 C.F.R. § 98.30(a) (2016).

⁶³ CCDF regulations define *state* as follows: "any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes Tribes unless otherwise specified" [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)]. For ease of reading, the term *state* is used inclusively throughout this resource unless otherwise specified.

that of non-CCDF families. This supports families' needs and preferences for their children. Child care settings include center-based care, family child care, and in-home child care.

Regardless of which payment strategy is used, parents must have unlimited access to their children whenever their children are in the care of a provider who receives CCDF funds. Lead Agencies must certify and describe the procedures that ensure unlimited parental access.

Assessing Market Rates and Child Care Costs⁶⁴

The objective in determining the market rate is to understand what the general population is being charged for child care services by providers, so that payment rates can be set to allow CCDF families equal access to the full range of child care available to families not receiving subsidies. While there is no threshold set for equal access, a benchmark of the 75th percentile of rates reported in the market rate survey is recommended for payment rates.

Based on the requirements in the CCDBG Act, Lead Agencies must conduct, no earlier than 2 years before the date of submission of their CCDF Plan, a statistically valid market rate survey or OCC approved alternative methodology such as a cost estimation model to set provider payment rates. Lead Agencies must reevaluate their rates at least every 3 years. A market rate survey is an examination of fees that child care providers typically charge and parents typically pay per unit of care (for example, per week or per hour) in the priced child care market. Assessing costs could be part of an OCC approved alternative methodology to conducting a market rate survey or it could refer to conducting a narrow cost analysis. Regardless of the method selected (market rate survey or OCC approved alternative methodology) a narrow cost analysis is required.

A market rate survey must reflect variations in the price of child care services by geographic area, type of provider, and age of child. The Administration for Children and Families (ACF) established a set of benchmarks, largely based on CCDF-funded research, to identify the components of a valid and reliable market rate survey.²⁶ For additional resources on market rate surveys, we recommend states consult [How to Plan Your Market Rate Survey](#)

Based on the findings from the CCDF-funded research, in order for a market rate survey to be statistically valid and reliable, it must

- ◆ represent the child care market,
- ◆ provide complete and current data,
- ◆ use rigorous data collection procedures,
- ◆ reflect geographic variation, and
- ◆ analyze data in a manner that captures other relevant differences.

For guidance on the validity of market rate surveys, we recommend that states consult the ACF-funded [Study of Market Prices: Validating Child Care Market Rate Surveys](#).

CCDF regulations require Lead Agencies to consult with 1) the State Advisory Council or similar coordinating body, local child care program administrators, local child care resource and referral agencies, and other appropriate entities and 2) organizations representing caregivers, teachers, and directors before developing and conducting their market rate survey or OCC approved alternative methodology approaches.

Once the market rate survey or OCC approved alternative methodology is completed, Lead Agencies must prepare a detailed report containing the results of the survey or OCC approved alternative methodology. The

⁶⁴ CCDBG Act of 2014 658E(c)(4); Child Care and Development Fund, 45 C.F.R. § 98.45 (2016).

report must be made widely available, including by posting the results on the Internet, no later than 30 days after completion of the report. The detailed report must include these elements:

- ◆ The results of the market rate survey or OCC approved alternative methodology.
- ◆ The estimated cost of care (including any relevant variation by geographic location, category of provider, or age of child) necessary to support the following: (1) the child care providers' implementation of the health, safety, quality, and staffing requirements; and (2) higher-quality care at each level of quality, as defined by the Lead Agency using a quality rating and improvement system (QRIS) or other system of quality indicators. For states without a QRIS, the state may use other quality indicators (for example, provider status related to accreditation, prekindergarten standards, Head Start Program Performance Standards, or state-defined quality measures).
- ◆ The Lead Agency's response to stakeholder views and comments.

Finally, Lead Agencies must set CCDF subsidy payment rates in accordance with the results of the most recent market rate survey or OCC approved alternative methodology.

OCC Approved Alternative Methodology

The law allows Lead Agencies the option to conduct a statistically valid and reliable OCC approved alternative methodology developed by the state (such as a cost estimation model) instead of or in addition to the market rate survey described in the previous section. While a market rate survey measures prices charged by child care providers, a cost estimation model estimates the cost of care by incorporating both data and assumptions to model what expected costs would be incurred by child care providers and parents under different cost scenarios (such as participating in the levels of a quality rating and improvement system). Another approach would be a cost study that collects cost data at the facility or program level to measure the costs (or inputs used) to deliver child care services. Many child care providers report that they are unable to set published prices that reflect the full cost of providing quality services because parents would be unable to pay these prices. As a result, the published prices reflected in market rate surveys are not always adequate to cover providers' full costs, particularly for high-quality care.

Cost estimation models should account for key factors that affect the cost of service delivery, such as

- ◆ staff salaries and benefits,
- ◆ training and professional development,
- ◆ curricula and supplies,
- ◆ group size of children and staff-child ratios,
- ◆ enrollment levels,
- ◆ program size,
- ◆ facility costs (rent or mortgage and utilities), and
- ◆ other factors.

Such models should also take into account that costs vary across submarkets, such as by

- ◆ provider category (for example, center or family home),
- ◆ geographic groupings (for example, by locality or urban versus rural),
- ◆ age of child (for example, infants and toddlers, preschoolers, and school-age children), and

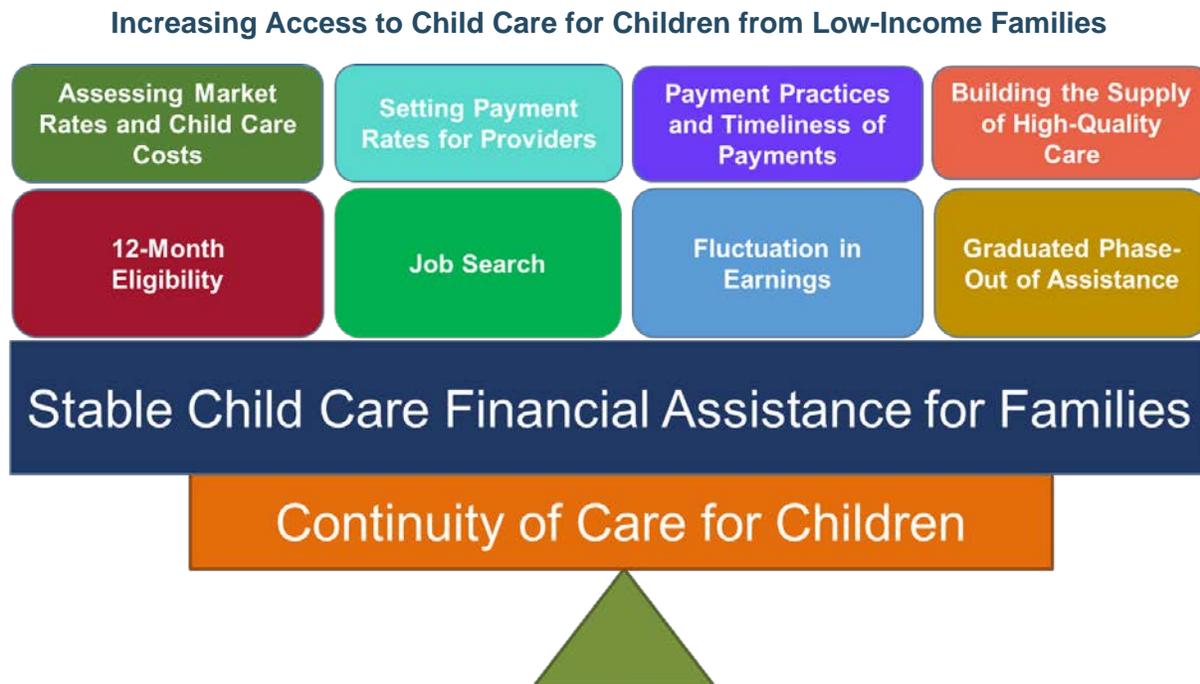
- ◆ other considerations (for example, care for children with disabilities or special health needs).

Lead Agencies should be aware of a few key points about the use of an OCC approved alternative methodology to set payment rates:

- ◆ Any alternate methodology used in lieu of a market rate survey must be approved in advance by the Administration for Children and Families as part of the CCDF Plan development and review process.
- ◆ Advance approval is not required if the state plans to implement both a market rate survey and an OCC approved alternative methodology.

The Provider Cost of Quality Calculator

Lead Agencies may use the Provider Cost of Quality Calculator (PCQC) or similar tool to estimate the cost of care. The PCQC is an easy-to-use web-based tool that calculates the cost of quality—based on site-level provider data—to help state policymakers understand the costs associated with delivering high-quality child care services. States can use the PCQC to take into account the cost of quality and inform an OCC approved alternative methodology for setting payment rates. The tool can demonstrate whether there is a gap between the cost of providing quality services and the revenue sources available to support a program. Knowing the size of the gap at different quality levels for various types of providers can inform the design of financial support and incentive packages. The PCQC is free to use and publicly available on the [Office of Child Care's Early Childhood Training and Technical Assistance System website](#).²⁷



Setting Payment Rates

CCDF subsidy payment rates must be set in accordance with the results of the most recent market rate survey or OCC approved alternative methodology. Payment rates may not vary based on family eligibility status, such as Temporary Assistance for Needy Families status. However, Lead Agencies may choose to differentiate provider payment rates based on factors such as

- ◆ geographical area,
- ◆ age or needs of the child, and
- ◆ nontraditional hours of care.

The law requires states to reevaluate their existing payment rates at least every 3 years to determine whether they continue to provide equal access based on present market conditions, which may change over time as a result of shifts in local markets or inflation. Rates should also be examined and updated as states deem appropriate to keep pace with inflation. In the CCDF Plan, states will be asked to provide the date of their most recent market rate survey or OCC approved alternative methodology.

Base provider payment rates should be sufficient to enable providers to meet health, safety, quality, and staffing requirements.⁶⁵

Lead Agencies can choose to establish tiered rates, differential rates, or add-ons on top of their base rates as a way to increase payment rates for targeted needs (for example a higher rate for children with special needs as both an incentive for providers to serve children with special needs and as a way to cover the higher costs to the provider to provide care for children with special needs).

Lead Agencies may give higher rates as a way to improve quality or increase the supply of certain types of care (for example, infant and toddler, school-age, nontraditional hours). Linking enhanced subsidy rates to higher

⁶⁵ Child Care and Development Fund, 45 C.F.R. § 98.45(f)(2)(ii) (2016).

quality is an important component of promoting quality, particularly when implemented in conjunction with other ongoing financial supports, assistance, and incentives.

The law requires states to take into consideration the cost of providing higher quality care than was provided before the CCDBG Act of 2014 when setting payment rates. Under the final rule, states may define higher quality care using a quality rating and improvement system or other system of quality indicators.

Lead Agencies must consider how payment rates compare to the estimated cost of care at each level of higher quality. States may take different approaches to setting rates for higher-quality care, including the following:

- ◆ Increasing base payment rates
- ◆ Using pay differentials or higher rates for higher-quality care
- ◆ Issuing direct grants or contracts that pay higher rates for child care services that meet higher quality standards

Besides tiered payment, other approaches could include the following:

- ◆ Setting rates after considering the cost of providing quality care by using a cost estimation model or other method
- ◆ Tracking the participation rate of high-quality providers in the subsidy system (using, for example, indicators from a quality rating system to measure provider quality) and adjusting payment rates if necessary

Summary of Facts Used to Determine Payment Rates⁶⁶

States are required to provide a summary of the data and facts used to determine that payment rates are sufficient to allow subsidized families equal access to care. This summary should include the following:

1. How the choice of the full range of providers is made available, including the extent to which child care providers participate in the CCDF subsidy system, and any barriers to participation
2. How payment rates are adequate and have been based on the most recent market rate survey or OCC approved alternative methodology
3. How base payment rates enable child care providers to meet health, safety, quality, and staffing requirements
4. How the Lead Agency took the cost of higher-quality child care into account, including how payment rates for higher-quality care relate to the estimated cost of that care at each level of quality
5. How copayments are affordable, a rationale for the Lead Agency's policy on whether child care providers may charge additional amounts to families above the required family copayment, and data on the extent to which CCDF providers charge such amounts
6. How payment practices support equal access to a range of providers
7. How and on what factors the Lead Agency differentiates payment rates
8. Any additional facts considered by the Lead Agency

⁶⁶ CCDBG Act of 2014 658E(c)(4); Child Care and Development Fund, 45 C.F.R. § 98.45 (2016).

In addition, other facts or considerations states might use in determining equal access include the following:

- ◆ Payment rates set at the 75th percentile benchmark or higher, based on the most recent market rate survey results
- ◆ Data on the size of the difference between payment rates and the 75th percentile
- ◆ Data on the proportion of children being served over time and where children are being served (that is, whether they are being served by the full range of providers)
- ◆ Data on the percentage of subsidy-eligible children being served by high-quality providers
- ◆ Views and comments of the public obtained in accordance with regulation as presented at 45 C.F.R. 98.45(e)

States are encouraged to reference this resource: [CCDF Payment Rates: Understanding the 75th Percentile](#).

Payment Practices and Timeliness of Payments^{67,68}

Payment Practices

In order to provide stable funding and encourage more child care providers to participate in the subsidy program, provider payment practices should reflect the generally accepted practices of providers who care for children not receiving subsidies. In many instances, subsidy payments are unpredictable and are based on the attendance of individual children, meaning that providers cannot rely on stable assistance. When providers do not have stable funding sources, they cannot commit to hiring highly trained staff and are often unable to provide staff training and professional development opportunities. All of these practices are contrary to the CCDF purposes of delivering high-quality, coordinated early childhood care and education services to maximize parents' options and increasing the number and percentage of low-income children in high-quality child care settings.

Generally accepted payment practices are practices that align with the private-paying child care market in order to encourage providers to accept children receiving subsidies and enable families to retain child care services. The CCDF final rule requires the following practices (unless the Lead Agency provides evidence that they are not generally accepted in the state or service area or among particular categories or types of providers):

- Paying on a part-time or full-time basis (rather than paying for hours of service or smaller increments of time).
- Paying for reasonable mandatory registration fees that the child care provider charges to private-paying parents. States have *the option* of covering costs such as fees for the application to the program, transportation, and field trips.

⁶⁷ CCDBG Act of 2014 658E(c)(2)(S), 658E(c)(4)(B)(iv); Child Care and Development Fund, 45 C.F.R. § 98.45(l) (2016).

⁶⁸ Ibid.

Under the final rule, states must also do the following:

- ☑ Ensure that child care providers receive payment for any services in accordance with a written payment agreement or authorization for services that includes, at a minimum, information regarding provider payment practices, including rates, schedules, any fees charged to providers, and the dispute resolution process.
- ☑ Ensure that child care providers receive prompt notice of changes to a family's eligibility status that may affect payment, and that such notice is sent to providers no later than the day the Lead Agency becomes aware that such a change will occur.
- ☑ Include timely appeal and resolution processes for any payment inaccuracies and disputes.

The Act requires Lead Agencies to, to the extent practicable, implement enrollment and eligibility policies that support the fixed costs of providing child care services by delinking provider payment rates from an eligible child's occasional absences because of holidays or unforeseen circumstances such as illness. Additionally, paying for days when children are occasionally absent helps promote continuity of care by allowing providers to retain children's slots without incurring a financial loss. Child care programs have fixed costs (staff, facilities, and the like) that must be paid regardless of whether a child is present on a particular day. Private-paying parents generally pay for an entire period (for example, a week or month) even if their children are out sick within that period.

In accordance with this provision, the final rule requires Lead Agencies to adopt one of the following options:

- ◆ Pay based on a child's enrollment rather than attendance
- ◆ Provide full payment if a child attends at least 85 percent of the authorized time
- ◆ Provide full payment if a child is absent for 5 or fewer days in a month
- ◆ An alternative approach for which the Lead Agency provides a justification in its Plan



In an effort to support parental choice and equal access to the full range of child care options, Lead Agencies may choose *the option* to allow providers to charge families additional amounts above the required copayment in instances where the provider's price exceeds the subsidy payment. If the Lead Agency elects this option in its payment practices, the CCDF Plan must address the following:

- ◆ Provide the rationale to allow providers to charge families additional amounts above the required copayment, including demonstrating how the policy promotes affordability and access for families.
- ◆ Provide data (including data on the size and frequency of such amounts) on the extent to which CCDF providers charge additional amounts to families.
- ◆ Describe the analysis of the interaction between the additional amounts charged to families with the required family copayment and the ability of current subsidy payment rates to provide access to care without additional fees.

Timely Payments

Finally, the CCDBG Act requires timely payments. Under the final rule, Lead Agencies must ensure timely provider payments by either paying prospectively before delivery of services, or paying within no more than 21 calendar days of the receipt of a complete invoice for services.

As a way of ensuring that payment practices are fair to providers and support high-quality services, states should examine their administrative mechanisms. A few approaches to consider are establishing a timeframe for issuing payments, using administrative data to track progress made in increasing or maintaining timeliness, and seeking input from providers on ways to improve payment practices. The following administrative improvements are examples of strategies states have implemented to improve payment practices:

- ◆ Direct deposit
- ◆ Online training for providers for electronic voucher payment
- ◆ Provider self-service components in an automated system for children authorized into their care
- ◆ Web-based electronic attendance and billing systems

Supply-Building Strategies to Meet the Needs of Certain Populations⁶⁹

The CCDBG Act and CCDF final rule require states to develop and implement strategies to increase the supply and improve the quality of child care providers to meet the needs of certain underserved populations, including

- ◆ children in underserved areas;
- ◆ infants and toddlers;
- ◆ children with disabilities; and
- ◆ children who receive care during nontraditional hours.⁷⁰

Further, Lead Agencies must prioritize increasing access to high-quality child care and development services for children living in areas with significant concentrations of poverty and unemployment that do not currently have a sufficient number of such programs.

States must report in their CCDF Plans how they will determine supply needs and which strategies they will use to increase the supply and improve the quality of child care services for these underserved populations. Strategies may include

- ◆ offering tiered payment rates to providers,
- ◆ offering services through direct contracts or grants to providers, and
- ◆ giving children priorities for services.

States must also include whether they plan to use grants and contracts in building supply. Grants and contracts may give providers an incentive to offer care to special populations, require higher quality standards, and guarantee certain numbers of slots to be available for low-income children eligible for subsidies. Grants and contracts can provide financial stability for child care providers by paying in regular installments, paying based on maintenance of enrollment, or paying prospectively rather than on a reimbursement basis. Without stable funding,

⁶⁹ CCDBG Act of 2014 658 E(c)(2)(M); Child Care and Development Fund, 45 C.F.R. § 98.46(b) (2016).

⁷⁰ Child Care and Development Fund, 45 C.F.R. § 98.16(x) (2016).

it can be difficult for providers—particularly those in low-income or rural communities—to pay for the higher costs associated with providing high-quality child care. While Lead Agencies may use grants and contracts to build supply, they must still provide CCDF families with the option to choose a certificate or voucher to access child care.

As an example, grants and contracts may be used to support the following:

- ◆ Family child care networks
- ◆ Start-up funding
- ◆ Technical assistance support
- ◆ Recruitment of providers
- ◆ Tiered payment rates
- ◆ Support for improving business practices, such as management training, paid sick leave, and shared services
- ◆ Accreditation supports
- ◆ Child care health consultation
- ◆ Mental health consultation

Finally, states must include a description of how supply-building mechanisms will address the needs they have identified. The description must

- ◆ identify shortages in the supply of high-quality child care providers;
- ◆ list the data sources used to identify shortages; and
- ◆ describe the method of tracking progress to support equal access and parental choice.

Existing needs assessments and population data are collected by State Advisory Councils, Head Start State Collaboration Offices, child care resource and referral agencies, and Head Start and Early Head Start grantees. The information may help states make a determination of which needs are most pressing and how best to target state and CCDF funds to build the supply of quality care for particular populations.

Additional Resources

- ◆ [Market Rate Survey Series](#) (March 2018), by the National Center on Child Care Subsidy Innovation and Accountability.
- ◆ [Guidance on Estimating and Reporting the Costs of Child Care](#) (January 2018), by the National Center on Early Childhood Quality Assurance and the National Center on Child Care Subsidy Innovation and Accountability.
- ◆ [Equal Access Resources](#) (2019) These resources, along with modules on market rate surveys, provide guidance on estimating costs of care and other tools and briefings on this topic support a deeper understanding of the comprehensive approach needed to assure equal access to child care.
- ◆ [Addressing the Decreasing Number of Family Child Care Providers in the United States](#) (March 2020) Action is needed to ensure that family child care remains a strong, healthy component of the early childhood education system. This brief examines the reasons family child care homes close and offers information that your state, territory, or tribe can use to solve this problem.

Part 6. Establish Standards and Monitoring Processes to Ensure the Health and Safety of Child Care Settings

This part contains information about licensing child care providers, including requirements, exemptions, and child-to-provider ratio and group size. Monitoring, the child abuse reporting requirement, and criminal background checks are also discussed in this part. In addition, information is included about how families and providers can access the results of monitoring, inspections, and background checks.

Summary of Health and Safety Provisions

The following table provides a summary of how CCDF health and safety provisions apply to different types of providers and individuals. More details about each provision are discussed in this part.

Applicability of Health and Safety Requirements in the CCDF 2016 Final Rule											
		PROVIDERS/SETTINGS ¹				INDIVIDUALS					Relative CCDF Providers
		Licensed CCDF (FCC & center)	License-exempt CCDF (FCC & center)	CCDF care in child's home	Licensed non-CCDF (FCC & center)	License-exempt non-CCDF	Teachers & Caregivers	Directors	Other non-caregiver staff	Individuals with un-supervised access to children	
Background checks <i>(applicable to the following individuals in the indicated settings)</i>		•	•	•	•	•	•	•	•	•	At Lead Agency option, relatives (providers & individuals) may be exempted from health and safety requirements.
Health and safety training: pre-service or orientation and ongoing <i>(applicable to the following individuals in the indicated settings)</i>		•	•	•		•	•				
Monitoring <i>(applicable to providers)</i>	Annual Monitoring	• <i>(must be unannounced)</i>	•	• ²							
	Pre-inspections	•									
	Posting results of monitoring and inspection reports	•	•	•	•						

1. Providers/settings includes eligible (regulated or registered) providers that are not currently serving CCDF children.
2. Lead Agency may develop alternate monitoring requirements for care provided in the child's home that are appropriate to the setting.

Standards and Licensing Requirements

Under the CCDBG Act, Lead Agencies have significant responsibility for ensuring the health and safety of children in child care through their state child care licensing systems. They are also responsible for establishing health and safety standards for child care providers who receive CCDF funds. These health and safety standards are an important component of safeguarding and promoting the health and development of all children.

The CCDBG Act of 2014 specified dates when certain provisions were effective and allowed time for Lead Agencies to implement the new requirements:

- ◆ Monitoring, including annual inspections of CCDF providers, became effective on November 19, 2016.
- ◆ Posting results of monitoring and inspection reports became effective on November 19, 2017.

- ◆ Criminal background checks became effective on September 30, 2017 (further clarification provided in [part 6](#)).
- ◆ Where the Act did not specify a date, the statutory requirements became effective upon the date of enactment (November 19, 2014), and states had until September 30, 2016, to implement them.

Licensing and Exemptions⁷¹

The CCDBG Act requires states to have licensing requirements in effect for child care providers. Licensing is a process administered by state governments that sets a baseline of requirements below which it is illegal for facilities to operate. States have regulations that include the requirements facilities must comply with, and policies to support the enforcement of those regulations. The CCDF Plan requires Lead Agencies to certify that they have licensing requirements applicable to all child care services provided within the state.⁷²

The National Database of Child Care Licensing Regulations has the full text of all States' child care licensing regulations at <https://childcareta.acf.hhs.gov/licensing>.

Lead Agencies have the flexibility to exempt providers from licensing requirements. However, the CCDBG Act requires that if states use CCDF funds to support child care providers that are exempt from licensing requirements, their CCDF Plans must include a description stating how such licensing exemptions do not endanger the health, safety, and development of children who receive services in their care.

Though states may exempt some center-based and home-based providers from licensing requirements, such child care providers are subject to health and safety requirements in the CCDF law if they receive payment for services to a child receiving a subsidy. The only exception to this requirement is for providers who are caring only for their own relatives. States have the option of exempting relatives from some or all of CCDF health and safety requirements.

Relative Providers

Relative providers are defined as those persons

- who are 18 years or older, and
- who are providing care only to children who are, by marriage, blood relationship, or court decree, their
 - grandchildren,
 - great-grandchildren,
 - siblings (if the provider lives in a separate residence), or
 - nieces or nephews.

Many states exempt certain types of child care providers from licensing; for example, school-age programs operated by public schools, summer camps, and programs operated by religious organizations. In addition, states have different thresholds for requiring family child care providers to become licensed. For example, some states require family child care homes to become licensed when they serve two or more unrelated children, while other states allow family child care providers to care for up to five children before becoming licensed. If such providers serve children receiving subsidies, those providers must receive the required health and safety training and receive inspections under the law, even if they are exempt from state licensing laws.²⁸

⁷¹ CCDBG Act of 2014, 658E(c)(2)(F); 658E(c)(2)(K); Child Care and Development Fund, 45 C.F.R. §§ 98.16(u), 98.42 (2016).

⁷² CCDF regulations define *state* as follows: "any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes Tribes unless otherwise specified" [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)]. For ease of reading, the term *state* is used inclusively throughout this resource unless otherwise specified.

Child-to-Provider Ratio Standards and Group Size⁷³

The CCDBG Act requires states to establish standards for group sizes (differentiated by setting and child age), appropriate child-to-provider ratios (often referred to as *child-staff* or *child-teacher* ratios) for the specific age groups of children receiving care, and qualifications for providers appropriate to the type of care and specific needs of children.

Many research studies have shown that low child-to-provider ratios and small group sizes have a positive impact on the overall quality of early and school-age care and education programs and the experiences children have in those programs. For example, a 2002 literature review about child-to-provider ratios and group sizes includes these research findings about the impact of low ratios and small group sizes on children's health, safety, mental health, and school readiness:²⁹

- ◆ Smaller group size is associated with a lower risk of infection in child care and lower rates of disease.
- ◆ Fewer children per adult reduces the transmission of disease because caregivers are better able to monitor and promote healthy practices and behaviors.
- ◆ Lower child-to-provider ratios are associated with fewer situations involving potential danger (such as children climbing on furniture).
- ◆ Children in smaller groups are more cooperative and compliant and exhibit more social competence than children in larger groups.
- ◆ Caregivers have more positive, nurturing interactions with children and provide children with more individualized attention when they are in charge of smaller groups of children with smaller child-to-provider ratios.
- ◆ Smaller group size is associated with more developmentally appropriate classroom activities than larger group size.
- ◆ Children in classrooms with lower child-to-provider ratios engage in more talk and play and display more gestural and vocal imitation.
- ◆ Smaller groups of children are associated with more developmentally appropriate caregiving and sensitivity; more contact with children (such as talking, playing, touching, and laughing); more responsive and stimulating behavior; and less restriction of children's behavior (such as less commanding and correcting).

The law requires states to describe their standards for group sizes and child-to-provider ratios in their CCDF Plans; however, such standards are to be determined by each state. To assist in this effort, the Administration for Children and Families (ACF) published [Caring for Our Children Basics](#), a set of recommendations intended to create a common framework to align basic health and safety efforts across all early childhood settings. ACF also recommends that states refer to recommended standards in [Caring for Our Children: National Health and Safety Performance Standards Guidelines for Early Care and Education Programs](#).³⁰

A variety of data specific information, including state and territory profiles, are available in the [CCDF Data Explorer](#) tool on the Office of Child Care's Early Childhood Training and Technical Assistance System website under the State Data & Statistics tab. These profiles include demographic information about children, families, and child care as well as contact information for the state and territory. Examples of information located on the site include the following:

- ◆ CCDF subsidy program details, such as eligibility levels, waiting lists, and provider rates

⁷³ CCDBG Act of 2014 658E(c)(2)(H); Child Care and Development Fund, 45 C.F.R. § 98.41(d) (2016).

- ◆ CCDF children and families served
- ◆ Numbers of children served by setting
- ◆ Children 12 and younger, number of children living with working families, and poverty statistics
- ◆ CCDF expenditures
- ◆ Coordinating programs (for example, Head Start, CACFP, IDEA, prekindergarten) and the number of children served
- ◆ Licensing, including provider types and allowable capacity and ratios as well as information on QRIS, early learning guidelines, and coordination efforts at the state and territory level

Qualifications for Providers

Research has shown that trained caregivers are more likely to promote the physical and mental health, safety, and cognitive development of the children in their care. The CCDF Plan requires Lead Agencies to describe the qualifications they have in place for providers, including the minimum age allowed, minimum education level, and any specific content required related to the age of children served.

The Child Care Data Tracker is a comprehensive case management tool designed to support the collection, management, and use of case-level information needed for the generation of the required ACF-700 and ACF-801 reports. This tool includes information about minimum qualifications and ongoing training hours. Refer to the Office of Child Care website at <https://www.acf.hhs.gov/occ/resource/child-care-data-tracker> for access to this tool.

Additional information about training and professional development requirements is in [Recruit and Retain a Qualified and Effective Child Care Workforce in Part 7 of this guide.](#)

Health and Safety Requirements⁷⁴

Lead Agencies must certify that there are in effect health and safety standards and training requirements applicable to providers serving children receiving CCDF services *whether they are licensed or license-exempt*. These health and safety requirements must

- ◆ be appropriate to the provider setting and age of the children served,
- ◆ include specific topics and training on those topics, and
- ◆ be subject to monitoring and enforcement procedures.

Lead Agencies also must specify how they enforce these requirements. The only exception to this requirement is for providers who are caring for their own relatives since Lead Agencies have the option of exempting relative providers from some or all CCDF health and safety requirements.

The CCDF final rule requires Lead Agencies to certify that there are health and safety requirements for licensed and license-exempt providers receiving CCDF in the following areas:

⁷⁴ CCDBG Act of 2014 658E(c)(2)(I); Child Care and Development Fund, 45 C.F.R. § 98.41 (2016).

1. Prevention and control of infectious diseases (including immunization).
2. Prevention of sudden infant death syndrome and use of safe sleep practices.
3. Administration of medication, consistent with standards for parental consent.
4. Prevention and response to emergencies due to food and allergic reactions.
5. Building and physical premises safety, including identification of and protection from hazards, bodies of water, and vehicular traffic.
6. Prevention of shaken baby syndrome, abusive head trauma, and child maltreatment.
7. Emergency preparedness and response planning for emergencies resulting from a natural disaster or a human-caused event (such as violence at a child care facility), within the meaning of those terms under section 602(a)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act [42 U.S.C. 5195a(a)(1)]. The planning *at the child care provider level* must include procedures for evacuation, relocation, shelter-in-place and lockdown, as well as training and drills for staff, communication and reunification with families, continuity of operations, and accommodations for infants and toddlers and children with special needs and chronic medical conditions.
8. Handling and storage of hazardous materials and the appropriate disposal of biocontaminants.
9. Appropriate precautions in transporting children (if applicable).
10. Pediatric first aid and CPR.
11. Recognition and reporting of child abuse and neglect.

As an important reminder, the final rule requires that child development also be addressed, including the major domains (cognitive, social, emotional, physical development, and approaches to learning).⁷⁵

In addition, there are optional topic areas:⁷⁶

- ◆ Nutrition, including age-appropriate feeding
- ◆ Access to physical activity
- ◆ Caring for children with special needs
- ◆ Other Lead Agency–determined subject areas that promote child development or protect children’s health and safety

States must have both preservice (or during an orientation period) and ongoing minimum health and safety training requirements (appropriate to the provider setting) for providers serving children receiving CCDF in the topic areas listed above. Preservice or orientation training must be completed within 3 months of caring for children. Preservice or orientation training do not have to be all done before working unsupervised with children, but the Lead Agency must identify those health and safety trainings that are required before caring for children unsupervised.³¹

ACF expects that these trainings will be part of a broader systematic approach and progression of professional development within each state that will result in opportunities for child care providers to accumulate knowledge, competencies, and credits toward eventual completion of professional certification or higher education. The law

⁷⁵ Child Care and Development Fund, 45 C.F.R. § 98.44(b)(1)(iii) (2016).

⁷⁶ CCDBG Act of 2014 658E(c)(2)(I)(ii); Child Care and Development Fund, 45 C.F.R. § 98.41(xii)(A–D) (2016).

requires states to implement a progression of professional development that is based on current research and best practices and aimed toward improving the quality and stability of the child care workforce.⁷⁷

The law does not specify a required number of training or education hours, but states must report the minimum number of annual training hours required for CCDF providers (caregivers, teachers, and directors) in their CCDF Plans. Though the law does not require a specific number of preservice and ongoing training hours for CCDF health and safety training, a reasonable benchmark is 30 hours of preservice or orientation training and between 24 and 30 hours of ongoing training annually (these numbers are based on recommendations in *Caring for Our Children: National Health and Safety Performance Standards, Guidelines for Early Care and Education Programs*). ACF strongly encourages states to look at all training—including ongoing annual training—as a meaningful opportunity to help child care staff progress professionally and pursue credentials and higher education.⁷⁸

Resources: Standards and Licensing Requirements

Many resources about health and safety and licensing are available on the [Early Childhood Training and Technical Assistance System website](#). The following are some highlighted resources that may be helpful to CCDF Administrators.

- ◆ [Child Care Licensing Tools and Resources](#) is a web page with tools and resources about child care licensing that are designed to help states and territories improve their practices, strengthen provider requirements, and develop the skills of licensing staff.
- ◆ To support licensing administrators and CCDF Administrators as they begin to consider revisions to state standards for licensed and license-exempt providers, the National Center on Early Childhood Quality Assurance (ECQA Center) has developed nine briefs addressing the health and safety topics specified in the law (2016).
 - [Brief #1: Prevention and Control of Infectious Diseases](#)
 - [Brief #2: Administering Medications](#)
 - [Brief #3: Prevention of and Response to Emergencies Due to Food and Allergic Reactions](#)
 - [Brief #4: Reducing the Risk of Sudden Infant Death Syndrome and Using Safe Sleeping Practices](#)
 - [Brief #5: Building and Physical Premises Safety](#)
 - [Brief #6: Emergency Preparedness and Response Planning](#)
 - [Brief #7: Handling, Storing, and Disposing of Hazardous Materials and Biological Contaminants](#)
 - [Brief #8: Transportation of Children](#)
 - [Brief #9: Health and Safety Training](#)
- ◆ Contemporary Issues in Licensing, by the National Center on Child Care Quality Improvement (NCCCQI), is a 2014 series of eight reports that include research as well as examples of innovative and diverse state practices. These reports were prepared to help state licensing agencies as they seek to strengthen their programs and better protect children in out-of-home care.
 - [Child Care Licensing Inspection Policies](#)

⁷⁷ CCDBG Act of 2014 658E(c)(2)(G)(ii)(I); Child Care and Development Fund, 45 C.F.R. § 98.44 (2016).

⁷⁸ CCDBG Act of 2014 658E(c)(2)(I)(i)(XI); Child Care and Development Fund, 45 C.F.R. § 98.44(b) (2016).

- [Enforcement Strategies with Licensed Child Care Providers](#)
- [Monitoring Strategies for Determining Compliance - Differential Monitoring, Risk Assessment, and Key Indicators](#)
- [Enforcement and Approaches to Illegally-Operating Providers](#)
- [Reporting, Tracking, and Responding to Serious Injuries and Fatalities in Child Care](#)
- [Building and Physical Premises Safety in Child Care](#)
- [Quality Assurance in Child Care Licensing](#)
- [Elements of a Licensing Statute](#)
- ◆ [Developing and Revising Child Care Licensing Requirements](#) (2017), by the ECQA Center, presents steps for developing and revising child care licensing requirements, based on several states' successful practices. Having clearly written, research-based, measurable licensing requirements is the first step in protecting children from health and safety risks and promoting quality care. Licensing requirements—supported by monitoring, enforcement, and technical assistance—provide protection through prevention and reduce risks to the health, safety, and well-being of children in care.
- ◆ [Interpretive Guides for Child Care Licensing Regulations](#) (2017), by the ECQA Center, presents information about seven states that have their interpretive guidelines on a public website. Interpretive guides for their child care licensing regulations generally help child care licensing staff understand the purpose of licensing requirements and the methods they should use to assess facilities' compliance with the requirements. Child care providers can also use these guidelines to help them understand how they will be assessed during licensing inspections.
- ◆ The [State School-Age Data Profiles Database](#) offers national, state, and territory profiles on the characteristics of school-age child care supported by the Child Care and Development Fund (CCDF), as well as relevant resources and contact information.

Looking beyond the Early Childhood Training and Technical Assistance System, the following resources can be used by states revising provider requirements:

- ◆ [Caring for Our Children Basics: Health and Safety Foundations for Early Care and Education](#) (2015). *Caring for Our Children Basics* represents the minimum health and safety standards experts believe should be in place where children are cared for outside of their homes. Use of *Caring for Our Children Basics* is not a federal requirement. *Caring for Our Children Basics* seeks to reduce conflicts and redundancies found in program standards linked to multiple funding streams. *Caring for Our Children Basics* should not be construed to represent all standards that would need to be present to achieve the highest quality of care and early learning. Standards on the following topics are included: staffing, programs activities for healthy development, health promotion and protection, nutrition and food service, facilities, supplies, equipment, environmental health, play areas and playgrounds, transportation, infectious disease, and policies.

Caring for Our Children Basics is the result of work by federal and nonfederal experts and is based on [Caring for Our Children: National Health and Safety Performance Standards; Guidelines for Early Care and Education Programs, 3rd edition](#), created by the American Academy of Pediatrics, American Public Health Association, and National Resource Center for Health and Safety in Child Care and Early Education with funding from the Maternal and Child Health Bureau. The Office of Child Care, Office of Head Start, Office of the Deputy Assistant Secretary and Interdepartmental Liaison for Early Childhood, and the Maternal and Child Health Bureau were instrumental in this effort.
- ◆ [Caring for Our Children: National Health and Safety Performance Standards; Guidelines for Early Care and Education Programs, 4th edition](#) (2019), by the American Academy of Pediatrics, American Public Health Association, and National Resource Center for Health and Safety in Child Care and Early Education, is a

collection of 686 national standards that represent the best evidence, expertise, and experience in the country on quality health and safety practices and policies.

- ◆ [Caring for Our Children Basics Health and Safety Standards Alignment Tool for Child Care Centers and Family Child Care Homes](#) (2017), by the ECQA Center, provides a simple format for states and territories to compare their current early childhood program requirements and standards against the recommended health and safety standards in *Caring for Our Children Basics*.
- ◆ The [CCDF Data Explorer](#) provides state-level data about licensing requirements for health and safety topics that include training requirements, hand washing, diapering, safe sleep practices, firearms, smoking, hazardous materials, emergency preparedness and fire safety, administration of medication, immunizations, and transportation. Additionally, data are available for child-staff ratios and group sizes, criminal background checks, minimum preservice qualifications, ongoing training hours, and types and frequency of routine licensing inspections.
- ◆ The [National Database of Child Care Licensing Regulations](#), by the ECQA Center, is a repository of state and territory licensing regulations and agency contact information. It is organized by state and territory and allows users to access child care licensing regulations that apply to child care centers, family child care homes, school-age programs, infant care programs, and other specialized programs. In addition, website links are provided for other early childhood programs standards, such as quality rating and improvements system standards, prekindergarten program requirements, and state health and safety requirements for child care providers receiving CCDF payments.
- ◆ The [National Program Standards Crosswalk Tool](#) is prepopulated with national early childhood program standards (such as Head Start, accreditation and *Caring for Our Children*). It is designed to help states that are developing and aligning program standards for licensing, quality rating and improvement systems, or prekindergarten programs to search and compare the content of several sets of national standards.

Child Abuse Reporting³²

States must certify that all child care providers within the state will comply with the child abuse reporting requirements of the Child Abuse Prevention and Treatment Act (CAPTA), which requires that states have “provisions or procedures for an individual to report known and suspected instances of child abuse and neglect, including a state law for mandatory reporting by individuals required to report such instances.”³³

This requirement applies to all child care providers within the state, regardless of whether or not they serve children receiving subsidies. The CCDF Plan requires that states provide the citation for the training requirement.

In many state licensing requirements, this topic is part of the training every staff person working in child care must complete annually.

The annual number of incidences of substantiated child abuse in child care settings is also an item that must be reported on the state website for consumer education.

In addition, the final rule requires states to establish a hotline or similar process for parents to submit complaints about child care providers. Lead Agencies may designate another state entity to manage the hotline.

Monitoring and Enforcement Policies and Practices⁷⁹

Lead Agencies must certify that procedures are in effect to ensure that child care providers caring for children receiving CCDF services comply with all applicable state and local health and safety requirements. These may include, but are not limited to, any systems used to ensure that providers complete health and safety trainings,

⁷⁹ CCDBG Act of 2014 658E(c)(2)(F), (J), (K); Child Care and Development Fund, 45 C.F.R. § 98.42 (2016).

any documentation required to be maintained by child care providers, or any other monitoring procedures to ensure compliance.

Inspection of child care programs by licensing agencies and other regulators helps ensure that child care programs are following states' rules for protecting children's health and safety. Having qualified and trained licensing staff can help ensure that monitoring is carried out in a professional and consistent way.

The law requires that states conduct monitoring visits for all providers serving children receiving CCDF, including all license-exempt providers (except those serving only relatives). However, it has different monitoring requirements for CCDF providers who are licensed and CCDF providers who are license-exempt.

◆ **For licensed CCDF providers**, states must conduct

- at least one prelicensure inspection for health, safety, and fire standards **and**
- at least one annual, unannounced inspection for all child care licensing standards, including but not limited to the required 11 health and safety topics and fire standards.

Inspectors may inspect for compliance with all three standards—healthy, safety and fire—at the same time.

◆ **For license-exempt CCDF providers (except those serving relatives)**, states must conduct

- annual inspections for compliance with health, safety, and fire standards.

The law does not require that these monitoring visits be unannounced, but the Administration for Children and Families recommends that states consider unannounced visits for license-exempt providers since experience shows that they are effective in promoting compliance.

◆ **For care provided in the child's own home**, states

- have the option to develop alternate monitoring requirements, though this flexibility cannot be used to bypass the requirement altogether.

As a reminder, states have the option to exempt relatives defined in CCDF regulations as grandparents, great-grandparents, siblings if living in a separate residence, aunts, and uncles from inspection requirements. **Note:** This exception only applies if the individual cares *only* for relative children.

In addition to the requirements to conduct monitoring visits, states are required to have policies in place to ensure the following:

- ☑ That licensing inspectors (or qualified monitors designated by the Lead Agency) are qualified and have received training regarding all aspects of the licensing requirements. Additionally, they must be trained in the required 11 health and safety requirements appropriate to the provider settings they inspect and ages of children in those settings.
- ☑ That the ratio of inspectors to providers is maintained at a level sufficient to conduct effective inspections in a timely manner. In determining an appropriate ratio, a great resource for information is the [National Association for Regulatory Administration \(NARA\)](#).

Differential Monitoring³⁴

States have the option of using differential monitoring strategies, provided that monitoring visits are still representative of the full complement of licensing and CCDF health and safety standards. Many states use differential monitoring approaches, which are intentionally designed so that although not every licensing standard is specifically checked for compliance, the monitoring visit is indicative of the full range of the licensing requirements. Differential monitoring often involves monitoring programs using a subset of requirements to determine compliance. There are two methods that states have used to identify these critical rules:

Differential monitoring involves monitoring child care programs using a subset of requirements to determine compliance. The two methods used to identify critical rules are **key indicators** and **risk assessment**.

- ◆ **Key indicators:** An approach that focuses on identifying and monitoring rules that statistically predict compliance with all the rules. The key-indicators approach is often used to determine which rules to include in an abbreviated inspection form or checklist.
- ◆ **Risk assessment:** An approach that focuses on identifying and monitoring rules that place children at greater risk of mortality or morbidity if violations or citations occur. A risk assessment approach is most often tied to classifying or categorizing rule violations and can be used to identify rules where violations pose a greater risk to children, distinguish levels of regulatory compliance, or determine enforcement actions based on categories of violations.

Note that monitoring strategies that rely on sampling only some providers or allow for a frequency of less than once a year for providers that meet certain criteria are **not** allowable. The law clearly states that each child care provider serving a child receiving CCDF assistance shall receive an inspection annually.

Posting Results of Monitoring and Inspection Reports

For monitoring and inspection reports, states must do the following:

- ☑ Post provider-specific results of all (announced and unannounced) annual monitoring and inspection visits for all licensed providers and non-relative providers eligible to provide CCDF services. States may exclude relative-only providers.
- ☑ Post provider-specific results of monitoring and inspection visits resulting from major substantiated complaints (as defined by the Lead Agency) about a provider's failure to comply with health and safety requirements and other Lead Agency policies.
- ☑ Post the full monitoring and inspection reports. In order for inspection results to be consumer-friendly and easily accessible, Lead Agencies must use easy-to-understand language (as defined by the state or territory) that parents and child care providers and caregivers can understand. In the case that full reports are not in plain language, Lead Agencies must post a plain-language summary or interpretation in addition to the full monitoring and inspection report. For information on what is an inspection report, we recommend states refer to the [Consumer Education Hot Topic: "Ask Me Anything" Webinar Posting Serious Incident Data and Child Care Inspection Reports](#).
- ☑ Post the report in a timely manner. The state can define the timeframe so long as the results of the reports are available and easily understood by parents when they are deciding on a child care provider. The final rule recommends that reports be posted within 90 days.
- ☑ Include information about the date of inspection. Any health and safety violations must be prominently displayed, including any fatalities or serious injuries that occurred at that child care provider as well as any corrective actions taken by the Lead Agency and child care provider, where applicable.
- ☑ Post, at a minimum and when available, 3 years of results, going forward (*not retrospectively*), beginning October 1, 2018.

The final rule also requires Lead Agencies to establish a process for correcting inaccuracies in reports in order to ensure fairness to providers. (For additional information, refer to [Promote Family Engagement through Outreach and Consumer Education](#).)

Resources: Monitoring and Enforcement

- ◆ State-level data about licensing inspection requirements are available in the [CCDF Data Explorer](#) tool on the Early Childhood Training and Technical Assistance System website. Note that the information in this tool addresses inspection *requirements* and not reports specific to the state's providers.
- ◆ The [Promising Practices for Out-of-School Time Licensing and License-Exempt Systems](#) brief shares emerging strategies and promising practices from states on preparation and supportive policies for providers, professional development requirements, and license-exempt monitoring.

Criminal Background Checks⁸⁰

Unlike other health and safety provisions in the law, the requirement to conduct background checks is not limited to providers serving children receiving CCDF. States must establish background check requirements for all child care staff members of licensed, regulated, or registered child care providers and child care providers eligible to deliver CCDF-funded services, including prospective staff members of child care providers. Background check requirements apply to any staff member who is employed by a child care provider for compensation, including contract employees and self-employed individuals; whose activities involve the care or supervision of children; or who has unsupervised access to children. At the Lead Agency's discretion, relatives can be exempted from these checks.

A criminal background check must include eight specific components, which encompass three in-state checks, two national checks, and three interstate checks.

Child care providers receiving CCDF funds are prohibited from employing child care staff members who

- ◆ refuse to consent to the check,
- ◆ provide false statements,
- ◆ are registered (or required to be registered) on a sex offender registry, or
- ◆ have been convicted of certain crimes.

All requirements, policies, and procedures regarding background check requirements must be made available to the public on a state website and through other appropriate means.

Provider Definitions⁸¹

The definition of *eligible child care provider* in the law is a center-based child care provider, family child care provider, or another provider of child care services for compensation that

- ◆ is not an individual related to all children for whom child care services are provided; and
- ◆ is licensed, regulated, or registered under state law or is eligible to receive CCDF funds.

A *related* individual is defined as a person 18 years of age or older who provides care to eligible children who are, by marriage, blood relationship, or court decree, the individual's grandchildren, great-grandchildren, siblings (if the adult lives in a separate residence), nieces, or nephews.

Further, the law defines *child care staff member* as an individual (other than an individual who is related to all children for whom child care services are provided):

- ◆ Who is employed by a child care provider for compensation, including contract employees or self-employed individuals;
- ◆ Whose activities involve the care or supervision of children for a child care provider or unsupervised access to children who are cared for or supervised by a child care provider;
- ◆ Who is residing in a family child care home and is age 18 or older.

⁸⁰ CCDBG Act of 2014 658H; Child Care and Development Fund, 45 C.F.R. § 98.43 (2016).

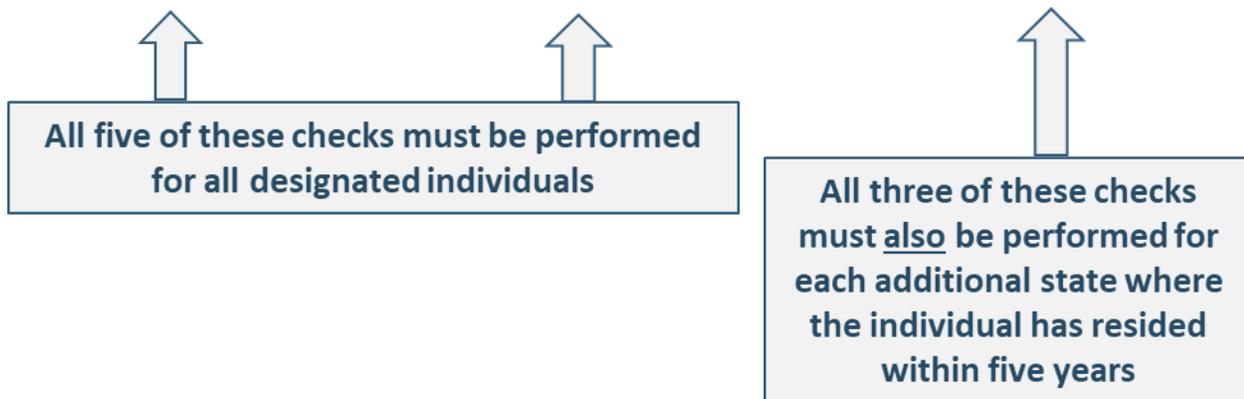
⁸¹ CCDBG Act of 2014 658H(i); Child Care and Development Fund, 45 C.F.R. § 98.43(a)(2)(i–ii) (2016).

Pursuant to these definitions, states are required to establish background check requirements for staff members of providers that are licensed, regulated, or registered—regardless of whether they provide care for children receiving CCDF assistance.

It is important to note that the definition of child care provider in the law includes family child care providers (except those who care only for relatives). Child care staff members are anyone who is employed by a child care provider for compensation or anyone whose activities involve the care or supervision of children for a child care provider or unsupervised access to children. For family child care homes, this means that the proprietor or caregiver must request a check of herself or himself, as well as any individual residing in the home age 18 and older who may have unsupervised access to children.⁸²

Components of a Comprehensive Background Check⁸³

National background checks:	In-state background checks:	Inter-state background checks:
1. National FBI criminal history check, with fingerprint	3. In-state criminal history check, with fingerprint	6. Inter-state criminal history check
2. NCIC National sex offender registry (NSOR) check	4. In-state sex offender registry check	7. Inter-state sex offender registry check
	5. In-state child abuse and neglect registry check	8. Inter-state child abuse and neglect registry check



All checks must meet a 45-day or less turnaround time

Source: National Center on Subsidy Innovation and Accountability. (2020).

⁸² Child Care and Development Fund, 45 C.F.R. § 98.43(a)(2)(ii) (2016).

⁸³ Child Care and Development Fund, 45 C.F.R. § 98.43(a)(2)(ii) (2016).

Under the law, a comprehensive background check must include the following:

- ◆ A [Federal Bureau of Investigation \(FBI\) fingerprint check](#) using Next Generation Identification (which replaced the former Integrated Automated Fingerprint Identification System). **Note:** The in-state and the interstate criminal history check must be completed in addition to the FBI fingerprint check because there could be state crimes that do not appear in the national repository. Also note that an FBI fingerprint check satisfies the requirement to perform an interstate check of another state's criminal history records repository if the responding state (where the child care staff member has resided within the past 5 years) participates in the National Fingerprint File program.
- ◆ A search of the [National Crime Information Center](#) National Sex Offender Registry. **Note:** This is a name-based search. Searching general public-facing sex offender registries does not satisfy this requirement. This national check must be required in addition to the in-state or interstate sex offender registry check requirements. This check must be performed by law enforcement.

Caution: [The National Sex Offender Public website](#) connects all U.S. state, tribal, and territory websites so that citizens can search for the identities and locations of known sex offenders. This does not meet the required *registry* check. The National Sex Offender Registry is a database available only to law enforcement that is maintained by the FBI's Criminal Justice Information Services Division.

- ◆ A search of the following registries, repositories, or databases in the state where the child care staff member resides and each state where the staff member resided during the preceding 5 years:
 1. State criminal registry or repository, with the use of fingerprints required in the state where the staff member resides and optional in other states. **Note:** A search of a general public-facing judicial website does not satisfy this requirement. This check is required in addition to the national FBI criminal history check to mitigate any gaps that may exist between the two sources.
 2. State sex offender registry or repository. **Note:** This check must be completed in addition to the National Crime Information Center sex offender registry check to mitigate any gaps that may exist between the two sources. Use of fingerprints is optional to conduct this check.
 3. State child abuse and neglect registry and database. **Note:** This is a name-based search.

FBI's National Fingerprint File (NFF). For states participating in the FBI's National Fingerprint File (NFF) program, an FBI fingerprint check is duplicative of the interstate search of the state's criminal history record repository.

OCC has established that an FBI fingerprint check also satisfies the requirement to perform an interstate check of another state's criminal history record repository if the responding state (where the child care staff member has resided within the past 5 years) participates in the NFF program. It is unnecessary to conduct both the FBI fingerprint check and the search of an NFF state's criminal history record repository.

However, if a state or territory does not participate in the NFF program, separate searches of both the FBI database and the state's criminal history record repository are required. For these non-NFF states, there is no measurement for the percent of duplication between the state and FBI databases, and therefore both are required. Additionally, searches of non-NFF state criminal history repositories are required if the individual has resided in a non-NFF state within the past 5 years.

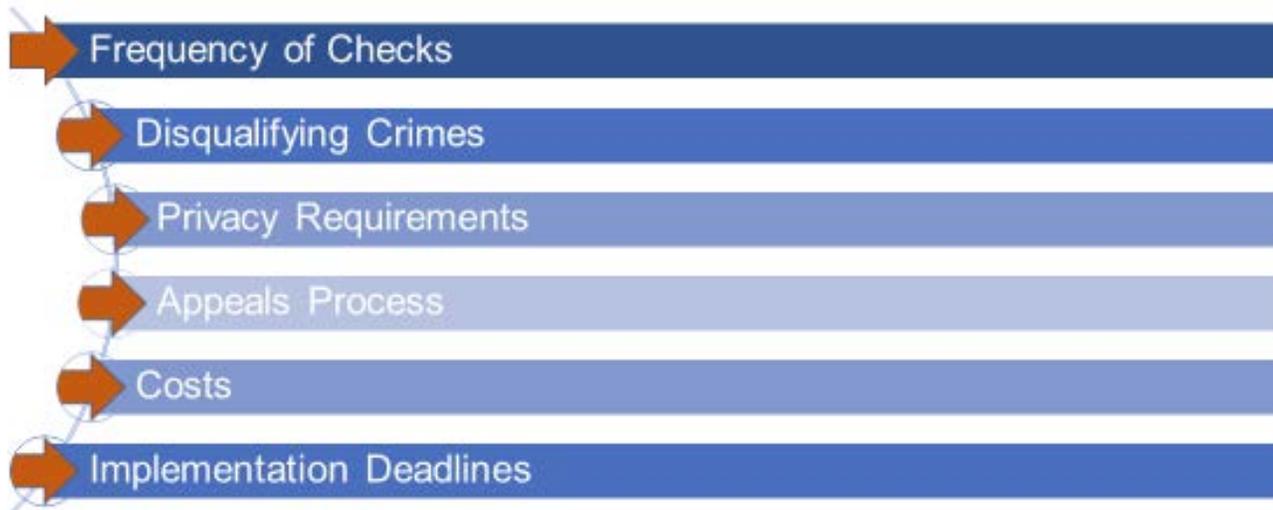
For further information see the August 11, 2017, [Policy Interpretation Questions about Background Check Requirements](#) (CCDF-ACF-PIQ-2017-01).

More information on the NFF, including the list of participating states, can be found [online](#).

Interstate background check. Checking a potential employee's history in any state other than that in which the provider's services are provided qualifies as an interstate check, per the definition of required criminal background checks. For example, an interstate check would include situations when child care staff members work in one state and live in another state. The statute and regulations require background checks in the state where the staff

member resides and each state where the staff member resided during the previous 5 years. Background checks in the state where the staff member is employed may be advisable, but are not strictly required.

- ◆ **Interstate criminal registry or repository check requirement.** It is optional to use a fingerprint to conduct this check. Searching a general public-facing judicial website does not satisfy this requirement. This check must be completed in addition to the national FBI history check to mitigate any gaps that may exist between the two sources (unless the responding state participates in the National Fingerprint File program).
- ◆ **Interstate sex offender registry or repository check requirement.** It is optional to use a fingerprint to conduct this check. This check must be completed in addition to the National Crime Information Center (NCIC) National Sex Offender Registry (NSOR) to mitigate any gaps that may exist between the two sources.
- ◆ **Interstate child abuse and neglect check registry requirement.** This is a name-based search.



Additional Background Check Requirements

Frequency of Background Checks⁸⁴

States must have a process to ensure the timeliness and required frequency of background checks. They must ensure that comprehensive background checks on child care staff members are conducted as quickly as possible and no more than 45 days from when the request is received, and at least once every 5 years.⁸⁵

- ◆ **Prospective staff members:** Providers must request a background check before beginning their employment and no less than once every 5 years thereafter.

Prospective staff members may begin work on a provisional basis (if supervised at all times by someone who has been successfully cleared) after completing (which means submitting and receiving the results from) one of the following:

- An FBI fingerprint check
- A check of the state criminal repository, using fingerprints, in the state of residence

⁸⁴ CCDBG Act of 2014 658H(b); Child Care and Development Fund, 45 C.F.R. § 98.43(b) (2016).

⁸⁵ CCDBG Act of 2014 658H(d), (e)(1); Child Care and Development Fund, 45 C.F.R. §§ 98.43(d), 98.43(e)(1) (2016).

Note: The FFY 2019–2021 CCDF Preprint clarifies *provisional employment* for staff members working under supervision pending the completion of the required background checks as follows:

Provisional Employment

The CCDF Final Rule states a child care provider must submit a request to the appropriate state/territory agency for a criminal background check for each child care staff member, including prospective staff members, prior to the date an individual becomes a child care staff member and at least once every 5 years thereafter (98.43(d)(1) and (2)). A prospective child care staff member may not begin work until one of the following results have been returned as satisfactory: either the FBI fingerprint check or the search of the state/territory criminal registry or repository using fingerprints in the state/territory where the staff member resides. The child care staff member must be supervised at all times pending completion of all the background check components (98.43(d)(4)).

In recognition of the concerns and feedback OCC received related to the provisional hire provision of the CCDF Final Rule, OCC allowed states and territories to request time-limited waiver extensions for the provisional hire provision. (see Appendix A). A state/territory received a waiver from this requirement only when:

1. the state requires the provider to submit the background check requests before the staff person begins working; and
2. the staff member, pending the results of the elements of the background check, is supervised at all times by an individual who has completed the background check.

- ◆ **Current or recent employee of another child care provider:** Staff members do not need new background check requests if they satisfy all three of the following requirements:
 1. The staff member received a background check that included all the required parts within the past 5 years while employed by, or seeking employment by, another child care provider in the state
 2. The state gave a qualifying result to the first provider for the staff member
 3. The staff member is employed by a child care provider within the state or has been separated from employment from a child care provider for less than 180 days

Lead Agencies are encouraged to enroll child care staff members in rap back programs. A rap back program works as a subscription notification service. An individual is enrolled in the program, and the state identification bureau receives a notification if that individual is arrested or convicted of a crime. States can specify which events trigger a notification. However, unless the rap back program includes all the components of a comprehensive background check under the CCDBG Act, the Lead Agency is responsible for ensuring that child care staff members still complete all other components at least once every 5 years.

For further information see the August 11, 2017, [Policy Interpretation Questions about Background Check Requirements](#) (CCDF-ACF-PIQ-2017-01).

Disqualifying Crimes⁸⁶

The law specifies disqualifying crimes or actions only for child care providers and staff members who are serving children receiving CCDF assistance. Disqualification criteria are as follows:

- ◆ Refuses a background check
- ◆ Knowingly makes a materially false statement in connection with the background check

⁸⁶ CCDBG Act of 2014 658H(c); Child Care and Development Fund, 45 C.F.R. § 98.43(c) (2016).

- ◆ Is registered, or is required to be registered, on a state sex offender registry or repository or the National Sex Offender Registry
- ◆ Has been convicted of a felony consisting of murder, child abuse or neglect, crimes against children, spousal abuse, crime involving rape or sexual assault, kidnapping, arson, physical assault or battery, or— subject to an individual review (at the state/territory's option)—a drug-related offense committed during the preceding 5 years
- ◆ Has been convicted of a violent misdemeanor committed as an adult against a child, including the following crimes: child abuse, child endangerment, or sexual assault
- ◆ Has been convicted of a misdemeanor involving child pornography

The law provides flexibility for states in regard to individuals disqualified because of a felony drug offense. The state, at its option, may allow for a review process through which the state may determine an individual still eligible for employment.

Privacy Requirements⁸⁷

States are required to provide background check results to child care providers in a statement that indicates whether the staff member is eligible or ineligible, without revealing specific disqualifying information.

If the staff member is ineligible, the state must provide information about each disqualifying crime to the staff member, and at the same time, information on how to appeal the results of the background check to challenge the accuracy and completeness.

The statute specifies that states may not publicly release the results of individual background checks. However, they may release aggregated data by crime as long as the data do not include personally identifiable information.

Appeals Process⁸⁸

States must have a process by which child care staff members (including prospective staff members) may appeal the results of their background check to challenge for accuracy and completeness. The state must ensure the following:

- ◆ Each individual is given notice of the opportunity to appeal
- ◆ Each individual receives clear instructions about how to complete the appeals process
- ◆ If the staff member files an appeal, the state will attempt to verify the accuracy of the information challenged
- ◆ The appeals process is completed in a timely manner
- ◆ Each staff member or prospective staff member receives a written notice of the decision

The state has the option of establishing a review process for individuals disqualified due to a felony drug offense to determine whether they are still eligible for employment.

⁸⁷ CCDBG Act of 2014 658H(e)(2); Child Care and Development Fund, 45 C.F.R. § 98.43(e)(2) (2016).

⁸⁸ CCDBG Act of 2014 658H(e)(3); Child Care and Development Fund, 45 C.F.R. § 98.43(e)(3) (2016).

Costs⁸⁹

Lead Agencies have the flexibility to determine who pays for background checks (the provider, the applicant, or the Lead Agency) but the CCDBG Act requires that the fees charged for completing a background check not exceed the actual cost of processing and administration, regardless of whether they are conducted by the state or territory or a third-party vendor or contractor. The cost of conducting background checks varies across states and territories. According to CCDF Plan data, most states report low costs to check state registries. Fees cannot exceed costs and result in return to state general funds, but they can be used to build and maintain background check infrastructure.

States must publish background check policies and procedures, including any fees charged, on their state consumer education websites. (State consumer education websites are required by the CCDBG Act. For additional information, refer to [Promote Family Engagement through Outreach and Consumer Education](#).)

Implementation Deadline⁹⁰

Implementation deadlines: The CCDBG Act required that states had in place by September 30, 2017, policies and procedures that met the background check requirements. There was one exception to this deadline for the National Crime Information Center's (NCIC) National Sex Offender Registry (NSOR) check. States had to be in compliance with the NSOR check by September 30, 2018. States described compliance in the submission of the FY 2019–2021 CCDF Plan

In recognition of the challenges to implementing the Child Care and Development Fund (CCDF) background check requirements, all states applied for and received extensions through September 30, 2018. The Office of Child Care (OCC)/Administration for Children and Families (ACF/HHS) may have granted additional waivers of up to 2 years, in one year increments (for example, potentially through September 30, 2020) if significant milestones for background check requirements were met.

- ◆ In order to receive these time-limited waivers, states and territories had to demonstrate that the milestones were met via the CCDF Preprint and a time-limited waiver request.
- ◆ These waivers were considered “transitional and legislative waivers” to provide transitional relief from conflicting or duplicative requirements preventing implementation, or an extended period of time in order for the state legislature to enact legislation to implement the provisions.
- ◆ These waivers were limited to a one-year period and were extended for at most one additional year from the date of initial approval.

For any questions regarding waivers, states should contact the Regional Office Program Manager and/or Program Specialist.

Penalty: For any year that a state fails to substantially comply with the background check requirements, 5 percent of the state's CCDF funds will be withheld.

Consult the OCC website for the most current OCC-issued Program Instructions, Policy Interpretation Questions, FAQs, information on the FBI's National Fingerprint File program, and implementation guidelines.

See the [Program Instruction on CCDF Reauthorization Effective Dates](#) (CCDF-ACF-PI-2015-02) and its attachment for effective dates of the background check requirements. In addition, see the [Program Instruction for](#)

⁸⁹ CCDBG Act of 2014 658H(f); Child Care and Development Fund, 45 C.F.R. § 98.43(e)(f) (2016).

⁹⁰ CDBG Act 658H(d), (j).

[information on effective dates of implementation for the National Crime Information Center's National Sex Offender Registry](#) (CCDF-ACF-PI-2017-03).

Resources: Monitoring and Enforcement

- ◆ [Criminal Background Check Requirement Resources](#) (2017), by the Office of Child Care and the National Center on Child Care Subsidy Innovation and Accountability.

Part 7. Recruit and Retain a Qualified and Effective Child Care Workforce

This part of the guide describes requirements related to the professional development of the child care workforce and discusses early learning and development guidelines.

Introduction

The Child Care and Development Block Grant (CCDBG) Act of 2014 expanded the purposes of the block grant to include the following:

- ◆ To assist states⁹¹ in improving the overall quality of child care services and programs by implementing the health, safety, licensing, training, and oversight standards established in [the Act] and in state law including State regulations
- ◆ To increase the number and percentage of low-income children in high-quality child care settings
- ◆ To improve child care and development of participating children⁹²

The Child Care and Development Fund (CCDF) final rule expanded on this by highlighting the importance of supporting professional development in an additional purpose:

- ◆ Provide a progression of training and professional development opportunities for caregivers, teachers, and directors to increase their effectiveness in supporting children's development and learning and strengthen and retain (including through financial incentives and compensation improvements) the child care workforce.⁹³

Responsive, well-qualified adult caregivers are one of the most important factors in children's development and learning in child care settings. Teacher-child interactions and relationships, strategies to engage children and their families, and use of curriculum and assessment to inform practices with children are key components of high-quality child care. These require a competent, skilled, and stable workforce.

Research has shown that specialized training and education, positive and well-organized work environments, and adequate compensation promote teacher stability and effectiveness with children in child care. In addition, professional development strategies that emphasize onsite mentoring and coaching of teachers have emerged as promising to change practices with children and families.³⁵

⁹¹ CCDF regulations define *state* as follows: "any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes Tribes unless otherwise specified" [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)]. For ease of reading, the term *state* is used inclusively throughout this resource unless otherwise specified.

⁹² CCDBG Act of 2014 658A(b).

⁹³ Child Care and Development Fund, 45 C.F.R. § 98.1(b)(8) (2016)

The CCDBG Act and CCDF final rule require states to develop a system of professional development with progression designed to improve the knowledge and skills of the child care workforce, as well as help providers to promote the social, emotional, physical, and cognitive development of children. An example of how a state might address this is to establish a career ladder that allows individuals to move from introductory to advanced-level training, including obtaining a credential or postsecondary degree. Professional development should be designed in a manner that builds and accumulates to result in certification or advanced degrees recognized by the state as demonstrating mastery in the child care profession.³⁶



The Administration for Children and Families strongly encourages states to link CCDF health and safety trainings to this broader professional development framework as the foundation for building a knowledgeable early childhood education workforce.

Training and Professional Development Requirements⁹⁴

States and territories are required to describe their framework for training, professional development, and postsecondary education for caregivers, teachers, and directors, including those working in school-age care. This framework is part of a broader systematic approach building on health and safety training within a state. States must incorporate their knowledge and application of health and safety standards, early learning guidelines, responses to challenging behavior, and the engagement of families. States are required to establish a progression of professional development opportunities to improve the knowledge and skills of CCDF providers. Training and professional development is one of the options that states and territories have for investing their CCDF quality funds.

Flexibility is provided on the strategies, breadth, and depth with which states will develop and implement their framework. Through the CCDF Plan, states must ensure that the framework for training, professional development, and postsecondary education for all caregivers, teachers, and directors (including those staff working in school-age care) meets the following requirements:

- ◆ Developed in consultation with the State Advisory Council on Early Childhood Education and Care or similar coordinating body
- ◆ Engages training and professional development providers, including higher education, in aligning training opportunities with the state's framework
- ◆ Addresses professional standards and competencies, career pathways, advisory structures, articulation, workforce information, and financing
- ◆ Establishes qualifications designed to enable providers that provide services to children eligible for CCDF services to promote the social, emotional, physical, and cognitive development of children and improve the knowledge and skills of the child care workforce in working with children and families
- ◆ Includes professional development conducted on an ongoing basis and provides for a progression of professional development that may include encouraging pursuit of postsecondary education
- ◆ Reflects current research and best practices related to the skills necessary for the child care workforce to meet the developmental needs of participating children and engage families, which may include culturally and linguistically appropriate practices

⁹⁴ CCDBG Act of 2014 658(c)(2)(G), (I), (T); Child Care and Development Fund, 45 C.F.R. § 98.44 (2016).

- ◆ Improves the quality, diversity, stability, and retention (including the use of financial incentives and compensation improvements) of the child care workforce

In addition, Lead Agencies must describe in their CCDF Plans their states' professional development requirements for providers who care for children eligible for CCDF. These requirements must include the following:

- ◆ Preservice or orientation training, which must be completed within 3 months of hire
- ◆ Ongoing professional development for caregivers, teachers, and director
- ◆ Alignment to the state framework for professional development to the extent practicable

The **preservice or orientation training** must be accessible, cover the health and safety standards as appropriate to the setting and ages of children served, and address the following:

- ◆ The [11 critical health and safety standards](#) for which training must be received before the caregiver is allowed to care for children unsupervised
- ◆ The optional health and safety areas of nutrition, including age-appropriate feeding; access to physical activity; caring for children with special needs; and other Lead Agency–determined subject areas that promote child development or protect children's health and safety
- ◆ Child development, including the major domains of cognitive, social, emotional, and physical development and approaches to learning

The August 11, 2017, [Policy Interpretation Question about Background Check Requirements](#) (CCDF-ACF-PIQ-2017-01) clarifies that the Lead Agency has the flexibility to specify trainings required *before* unsupervised care.

Question: Are caregivers, teachers, and directors working for CCDF providers required to complete health and safety training prior to caring for children unsupervised?

Answer: The Lead Agency must identify those health and safety trainings that are required prior to caring for children unsupervised, but has flexibility in determining such requirements. 45 CFR 98.44(b)(1)(i) of the CCDF final rule requires Lead Agencies to describe in their plans their established requirements for pre-service or orientation training that addresses “[e]ach of the requirements relating to matters described in § 98.41(a)(1)(i) through (xi) and *specifying critical health and safety training that must be completed before caregivers, teachers, and directors are allowed to care for children unsupervised.*” (*Emphasis added.*) The Lead Agency has flexibility to determine which of these trainings are required prior to serving children unsupervised (for example, not supervised by an individual who has completed the trainings.)

...

The final rule's regulatory language takes precedence over the preamble, so the Lead Agency has the flexibility to specify trainings required prior to unsupervised care. The trainings described in the preamble may be treated as recommendations or suggestions, but are not requirements.³⁷

The **ongoing training** must be accessible and aligned to a progression of professional development that includes a minimum number of annual hours of training for the child care workforce. It must be appropriate to the age and setting of the children served, and must also meet the following requirements:

- ◆ Be maintained and updated to reflect the required health and safety standards
- ◆ Incorporate knowledge and application of the state's early learning and development guidelines for birth to kindergarten

- ◆ Incorporate social-emotional behavior intervention models for children from birth through school age, which may include positive behavior intervention and support models, including preventing and reducing expulsions and suspensions of preschool-age and school-age children
- ◆ Be appropriate, to the extent practicable, for a diverse population of children that includes
 - different age groups;
 - English-language learners;
 - children with developmental delays and disabilities; and
 - Native Americans, Alaska Natives, and Native Hawaiians
- ◆ Award, to the extent practicable, continuing education units or be credit-bearing
- ◆ Be accessible to the child care workforce supported through Indian tribes or tribal organizations that receive CCDF funding.

As a reminder, states are required to facilitate participation of child care providers with limited English proficiency and disabilities in the subsidy system. Recruitment and retention of these providers should be a focus of professional development system-building efforts.

The Office of Child Care requires that states report in the CCDF Plan the number of hours of training required annually for CCDF-eligible providers.³⁸

It should be noted that CCDF regulations do not require child care providers to acquire credentials in order to serve children receiving CCDF assistance. However, states are in no way prohibited from requiring providers to be credentialed in order to serve children in the CCDF program.

Additional Focus Areas for Professional Development

In addition to the [required health and safety trainings](#), Lead Agencies must spend funds on training and technical assistance for child care providers in two key areas: identifying and caring for children experiencing homelessness, and strengthening providers' business practices. In addition, states must have effective internal controls in place to ensure program integrity, which includes training providers regarding subsidy requirements.

Children and Families Who Are Experiencing Homelessness⁹⁵

States must use CCDF allocations for activities to improve the quality and availability of child care, including training and technical assistance to providers on identifying and serving children and families experiencing homelessness.

While there is some flexibility in this area, in addition to making such trainings accessible, Lead Agencies must ensure that the trainings are being used to the extent necessary to meet the requirements in the regulations to serve children experiencing homelessness. Section 98.51 of the CCDF regulations requires that Lead Agencies expend funds on activities that improve access to quality child care services for children experiencing homelessness, including "training and technical assistance for providers and appropriate Lead Agency (or designated entity) staff on identifying and serving children experiencing homelessness and their families."⁹⁶ CCDF regulations do not specify that all providers and appropriate Lead Agency (or designated entity) staff must receive the training, so Lead Agencies have flexibility in the implementation of this requirement. However, CCDF

⁹⁵ CCDBG Act of 2014 658(c)(3)(B)(i); Child Care and Development Fund, 45 C.F.R. § 98.51(b) (2016).

⁹⁶ Child Care and Development Fund, 45 C.F.R. § 98.51(b) (2016).

Administrators should consider how trainings are made widely available and are utilized by enough providers and relevant staff to effectively meet needs and serve children and families experiencing homelessness.

Provider Business Practices

Lead Agencies must develop and implement strategies to strengthen the business practices of child care providers to expand the supply and to improve the quality of child care services. Strategies can include training and technical assistance efforts. Topics might include fiscal management; budgeting; recordkeeping; hiring, developing, and retaining qualified staff; risk management, community relationships, marketing and public relations, and parent-provider communications, including who delivers the training, education, and technical assistance.³⁹

Improving Program Integrity within the Subsidy Program

To improve program integrity and accountability, all providers serving children receiving CCDF funds must be informed and trained regarding CCDF requirements and integrity. Strategies Lead Agencies might employ include the following:

- ◆ Issuing policy change notices
- ◆ Issuing new policy manual
- ◆ Conducting staff training
- ◆ Providing orientations for providers
- ◆ Conducting onsite training
- ◆ Conducting online training
- ◆ Conducting regular check-ins to monitor the implementation of CCDF policies

Early Learning and Development Guidelines⁹⁷

During the past decade, states have moved forward with initiatives to strengthen early childhood programming and emphasize greater accountability for child outcomes. The CCDBG Act and CCDF final rule require states to develop, maintain, or implement early learning and development guidelines (ELDGs) for statewide use by child care providers.

The ELDGs must be developmentally appropriate for children from birth to kindergarten entry, describe what such children should know and be able to do, and cover the essential domains of early childhood development— cognition, including language arts and mathematics; social, emotional, and physical development; and approaches toward learning. In addition, they must be incorporated into other parts of the child care system and align vertically and horizontally with the standards for other sectors (such as prekindergarten, Head Start, Early Head Start, and private providers).

⁹⁷ CCDBG Act of 2014 658(c)(2)(T); Child Care and Development Fund, 45 C.F.R. § 98.15(a)(9) (2016).

Early Learning and Development Guideline Alignment Efforts

across age groups ✦ within age groups ✦ across curriculum and assessment



All states have developed ELDGs for preschool children and for infants and toddlers, both of which support the goal of school readiness. There is a growing trend among states to revise their ELDGs in order to align them across age groups and with kindergarten standards. In addition, states have incorporated ELDGs into their child care systems by using them to do the following:

- ◆ Define the content of training required to meet licensing requirements
- ◆ Define the content of training required for program quality improvement standards, such as quality rating and improvement system (QRIS) standards
- ◆ Define the content of training required for a career lattice or professional credential for use by 2-year and 4-year higher education faculty in developing credit-bearing professional development and degree programs
- ◆ Require programs (through licensing standards or quality improvement standards) to develop curricula or learning activities based on the voluntary ELDGs
- ◆ Develop state-approved curricula

In their CCDF Plans, Lead Agencies will describe how their ELDGs are research-based and developmentally, culturally, and linguistically appropriate. They must also describe how they

- ◆ build upon themselves in a forward progression and are aligned with entry into kindergarten,
- ◆ are implemented in consultation with the state educational agency and the State Advisory Council; and
- ◆ are updated on a regular basis.

Lead Agencies will also indicate the age groups for which the state has established ELDGs: birth to 3 years, 3 to 5 years; or birth to 5 years. At the option of the state, early learning and developmental guidelines for out-of-school time may be developed.

Technical assistance is commonly used to support the understanding and use of ELDGs. The CCDF Plan asks Lead Agencies to indicate whether they provide technical assistance to child care providers to enhance children's cognitive, physical, social, and emotional development and support children's overall well-being. Technical assistance can support providers in developing and implementing curricula or learning activities and be linked to the state's QRIS. Technical assistance can also be tailored to meet the needs of child care providers working with infants and toddlers, preschool-age children, and school-age children.

Lead Agencies will need to ensure that CCDF funds are **not** used to develop or implement any assessment for children that

- ◆ will be the primary or sole basis to determine a child care provider ineligible to participate in the CCDF,
- ◆ will be used as the primary or sole basis to provide a reward or sanction for an individual provider,
- ◆ will be used as the primary or sole method for assessing program effectiveness, or
- ◆ will be used to deny children eligibility to participate in the CCDF.⁹⁸

Child assessments can be used to support learning or improve a classroom environment; target professional development; determine the need for health, mental health, disability, developmental delay, or family support services; obtain information for the quality improvement processes at the state or territory level; or conduct a program evaluation for the purposes of providing program improvement and parent information.

Additional Resources

- ◆ [Health and Safety Training Resources for Child Care Providers](#) (2018), by the National Center on Early Childhood Development, Teaching and Learning. Find resources around the topic of health and safety training as required by the Child Care Development Block Grant Act of 2014. Explore ways to include health and safety trainings in state professional development systems.
- ◆ [Early Care and Education Coaching: A Closer Look at Coaching Models in Child Care and Head Start](#) (2018), by the National Center on Early Childhood Development, Teaching and Learning. In this brief, learn more about the coaching landscape across the country. Also, find strategies and resources to promote systemic coaching approaches for state, territory, or regional considerations.
- ◆ [Early Childhood Workforce: Registries](#) (2018), by the National Center on Early Childhood Development, Teaching and Learning. In this resource, discover how a registry functions. Explore data that may be available through registries, and find state examples and additional materials. CCDF Administrators, Head Start Collaboration directors, and other professional development leaders can use this resource to plan or refine their state early childhood workforce data systems.
- ◆ [Staff Recruitment and Retention](#) (2018), by the National Center on Early Childhood Development, Teaching and Learning. In this resource, find examples of state systems and policies that help support recruiting and retaining a highly qualified workforce. Also, learn strategies for data collection on staff turnover.
- ◆ [Professional Development System Frameworks](#) (2018), by the National Center on Early Childhood Development, Teaching and Learning. Explore resources related to the six professional development framework components. Also, find framework examples for five states.
- ◆ [Early Childhood Workforce: Career Pathway Goals and Strategies for Developing, Improving, and Evaluating Higher Education Articulation Agreements](#) (2018), by the National Center on Early Childhood Development,

⁹⁸ CCDBG Act of 2014 658E(c)(2)(T)(ii); Child Care and Development Fund, 45 C.F.R. § 98.15(a)(10) (2016).

Teaching and Learning. Learn how articulation work connects to two recommendations in the *Transforming the Workforce for Children Birth through Age 8: A Unifying Foundation* report. Explore strategies that help develop and support state articulation goals. Find information about higher education policy and accreditation. Also, review standards that affect articulation agreements.

- ◆ [*Preventing and Reducing Suspensions and Expulsions in Early Care and Education Settings*](#) (2018), by the National Center on Early Childhood Development, Teaching and Learning. This document provides research and materials on reducing the expulsion of young children in early childhood programs. Review resources and tools that help promote the mental health and social and emotional well-being of young children. Find examples of state efforts that can guide decision-making about expulsion policy decisions.
- ◆ [*Planning and Implementing Early Childhood and School-Age Workforce Initiatives*](#) (2014), by the National Center on Child Care Professional Development and Workforce Initiatives.
- ◆ [*Aligned Professional Development Systems Planning and Implementation Guide*](#) (2013), by the National Center on Child Care Professional Development and Workforce Initiatives.
- ◆ [*Workforce Data Planning and Implementation Guide*](#) (2013), by the National Center on Child Care Professional Development and Workforce Initiatives.
- ◆ [*State Early Learning Standards and Guidelines*](#) (2017), by the National Center on Early Childhood Quality Assurance. This document provides a link to all states that have their ELDGs on a public website.
- ◆ [*Alignment Self-Assessment Tool*](#) (n.d.), by the National Center on Early Childhood Development, Teaching and Learning.
- ◆ [*State Early Learning Guidelines and Standards*](#) (2019), by the Office of Head Start's National Center on Health.
- ◆ [*Head Start Child Early Learning Outcomes*](#) (2020), by the Office of Head Start, Administration for Children and Families, U.S. Department of Health and Human Services.

Part 8. Support Continuous Quality Improvement

Part 8 provides an overview of requirements to improve the quality of child care services at the program level. It includes key elements of quality improvement, a description of the funding requirements, and the options states and territories have for quality activities.

Activities to Improve the Quality of Child Care Services

Quality improvement strategies are linked to the CCDBG Act and CCDF final rule implementation effective dates outlined in previous parts of this resource. The [previous section](#) discussed pathways to an effective child care workforce through professional development systems and workforce initiatives. In addition to those approaches, the Office of Child Care is dedicated to creating pathways to excellence for child care programs through quality activities. A core element of the Child Care and Development Fund (CCDF) is improving the quality of child care services and ensuring that parents have access to high-quality child care options.

The law says that states must develop strategies for increasing supply and quality of services for

- ◆ children in underserved areas,
- ◆ infants and toddlers,
- ◆ children with disabilities, and
- ◆ children in nontraditional-hour care.



In addition, Congress expanded provisions in the law designed to ensure that low-income children whose care is paid for with CCDF subsidies have equal access to care that is comparable to services provided to children who are not receiving assistance.⁴⁰

States⁹⁹ must consider the connection between subsidy and quality, such as what level of subsidy is needed to adequately support the costs to providers of offering high-quality services. CCDF funding helps pay for more than 1.3 million children to participate in child care every month. Therefore, changes in the law that encourage more timely, more stable, and higher payments will have a positive impact on the larger child care market for all families.

Lead Agencies are required to provide quality improvement activities directly or through contracts with local child care resource and referral (CCR&R) agencies or other appropriate organizations. Activities should be aligned with a statewide or territory-wide assessment of the need to carry out such services and care. Lead Agencies have flexibility in designing an assessment of their quality activities that best meets their needs, including how often they do the assessment. You can consult with your regional office to identify entities that may have conducted assessments. Examples of sources of assessments include the following:

⁹⁹ CCDF regulations define *state* as follows: “any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes Tribes unless otherwise specified” [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)]. For ease of reading, the term *state* is used inclusively throughout this resource unless otherwise specified.

- ◆ State Advisory Council (SAC) survey or assessment
- ◆ CCR&R needs assessment
- ◆ Child care deserts reports
- ◆ Local (public or private) needs assessment (for example, private foundation in a community)

The law designated *set-asides*, or percentages of funding that must be set aside for use on specific topics, such as quality improvement and infant and toddler care. The increase in the minimum quality set-aside began in FY 2016. The infant and toddler quality set-aside began in FY 2017. The following table describes the phase-in of these set-asides.

Type of Set-Aside	FFY 2016	FFY 2017	FFY 2018	FFY 2019	FFY 2020 (& ongoing)
Quality set-aside	7%	7%	8%	8%	9%
Infant and toddler set-aside	–	3%	3%	3%	3%
Total quality set-aside	7%	10%	11%	11%	12%

Source: CCDBG Act of 2014 658G(a)(2).

For additional information on the allocation of quality funds, refer to [Ensure Grantee Accountability](#).

Starting with the FY 2012–2013 CCDF Plans, CCDF Administrators were asked to conduct a self-assessment of the status of quality efforts in their programs and to identify goals for progress. Previously, Lead Agencies reported progress on the annual Quality Performance Report (ACF-118, appendix 1).

The final rule replaced the Quality Performance Report with the Quality Progress Report, which states must submit on an annual basis in December of each year (beginning with FY 2017 data.). States are also required to report the measures used to evaluate progress in improving the quality of child care programs and services.

Key Elements for Quality Improvement

States are involved in various activities to improve the availability and quality of early and school-age care and education programs. Most often these activities are supported by quality set-aside funds from the Child Care and Development Fund (CCDF). States increasingly use CCDF funds to create quality improvement initiatives including the following key elements:

- ◆ **Program standards** establish expectations for quality, often referred to as *quality indicators*, which identify different levels of and pathways to improved quality—specifically those that build upon and go beyond minimum health and safety requirements. Program standards serve as a tool to unite early childhood programs under a common vision of quality that applies to all settings and sectors.
- ◆ **Supports to programs to improve quality** include activities such as technical assistance and consultation services for programs to assist them in meeting child care quality improvement standards. Professional development supports for practitioners are aligned with professional standards and are available to professionals working in all sectors of the formal early and school-age care and education system.
- ◆ **Financial incentives and supports** include monetary supports offered to programs and practitioners for meeting and sustaining licensing requirements and participating in quality rating and improvement systems

(QRISs) or other child care quality improvement activities. Financial incentives can be a powerful motivator for programs and practitioners to achieve and sustain higher levels of quality.

- ◆ **Quality assurance and monitoring processes** allow Lead Agencies to measure child care program quality for the purposes of a QRIS or other quality improvement system. In addition, Lead Agencies must monitor and evaluate the methods used to ensure that the child care quality improvement standards for programs are met and quality improvement activities are maintained over time. Monitoring and evaluation provide a basis of accountability for programs, parents, and funders by creating benchmarks for measuring compliance with standards.
- ◆ **Consumer education and engagement strategies** are used to promote child care quality improvement to parents, programs, and the general public. These systems provide simple ratings or descriptive information to allow families to assess program strengths and make informed choices that meet their needs and the needs of their children. The state should have in place easy-to-understand tools aimed at encouraging consumers (families), policymakers, and public and private partners to use quality standards to guide decision-making and to promote awareness, understanding, and use of information about child care quality for families, programs, practitioners, and the general public.

Options for Quality Activities¹⁰⁰

The CCDBG Act and CCDF final rule require states to fund at least one of the following 10 quality activities that will improve the quality of child care services provided in the state or territory. In the CCDF Plan, Lead Agencies indicate which of the following quality improvement activities their state will invest in:



1. Supporting the [training and professional development](#) of the child care workforce
2. Improving [development or implementation of early learning and development guidelines](#) by providing technical assistance to eligible child care providers
3. Developing, implementing, or enhancing a [tiered quality rating and improvement system](#) (or other system of quality improvement, even if not called a QRIS, as long as the other quality improvement system contains the elements of a QRIS). A QRIS is a systematic framework for evaluating, improving, and communicating the level of quality in early childhood programs and contains five key elements:

¹⁰⁰ CCDBG Act of 2014 658G(b); Child Care and Development Fund, 45 C.F.R. § 98.53(a) (2016).

- Program standards
 - Supports to programs to improve quality
 - Financial incentives and supports
 - Quality assurance and monitoring
 - Outreach and consumer education
4. Improving the [supply and quality of child care programs and services for infants and toddlers](#)
 5. Establishing or expanding a statewide system of [child care resource and referral services](#)
 6. Facilitating compliance with [state requirements for inspection](#), monitoring, training, and health and safety standards
 7. [Evaluating and assessing the quality and effectiveness of child care programs](#) and services offered in the state
 8. Supporting [accreditation](#)
 9. Supporting state or local efforts to develop or adopt [high-quality program standards](#) relating to health, mental health, nutrition, physical activity, and physical development
 10. Carrying out **other activities determined by the state** to improve the quality of child care services for infants and toddlers, preschool-aged, and school-aged children, which may include consumer and provider education activities, for which measurement of outcomes is possible relating to improved provider preparedness, child safety, child well-being, or entry to kindergarten

Information and requirements for training and professional development and early learning and development guidelines are found in [Recruit and Retain a Qualified and Effective Child Care Workforce](#). The other quality activities are discussed in the following pages.

Quality Rating and Improvement System (QRIS)¹⁰¹

The [QRIS Resource Guide](#) defines quality rating and improvement systems as “a systematic approach to assess, improve, and communicate the level of quality in early and school-age care and education programs.”⁴¹

QRISs are intended to improve the quality of early and school-age care and education programs through the alignment and coordination of system-wide initiatives. A QRIS may offer states several opportunities:

- ◆ Increase **quality** of early care and education services
- ◆ Increase **parents’ understanding** of and **demand** for higher quality early care and education
- ◆ Increase **professional development** opportunities, benchmarks, and rewards for a range of early care and education practitioners and providers
- ◆ Create a **cross-sector framework** that can link standards, technical assistance, monitoring, finance, and consumer engagement for programs in a range of settings, including family child care homes, child care centers, school-based programs, Head Start programs, early intervention programs, and others
- ◆ Develop a roadmap for **aligning many pieces of the early care and education system**, such as child care licensing, prekindergarten, and Head Start program oversight; national program accreditation; early learning and development guidelines; subsidy administration; technical assistance; training; quality initiatives; and professional development systems

¹⁰¹ CCDBG Act of 2014 658G(b)(3); Child Care and Development Fund, 45 C.F.R. § 98.53(a)(3) (2016).

Lead Agencies may want to consider including components in the QRIS that accomplish the following:

1. Support and assess the quality of child care providers in the state
2. Build on state licensing standards and other state regulatory standards for such providers
3. Improve the quality of different types of child care providers and services
4. Describe the safety of child care facilities
5. Build the capacity of state early childhood programs and communities to promote parents' and families' understanding of the state's early childhood system and the ratings of the programs in which the child is enrolled
6. Provide, to the maximum extent practicable, financial incentives and other supports designed to expand the full diversity of child care options and help child care providers improve the quality of services
7. Accommodate a variety of distinctive approaches to early childhood education and care, including but not limited to, those practiced in faith-based settings, community-based settings, child-centered settings, or other settings that offer a distinctive approach to early childhood development

QRISs are often inclusive of multiple settings and approaches to early care and education. Lead Agencies indicate the types of settings or distinctive approaches to early care and education that participate in the QRIS, including the following:

- ◆ Licensed child care centers
- ◆ Licensed family child care homes
- ◆ License-exempt providers
- ◆ Early Head Start programs
- ◆ Head Start programs
- ◆ State prekindergarten or preschool programs
- ◆ Programs serving infants and toddlers
- ◆ Programs serving school-age children
- ◆ Faith-based settings

Resources: QRIS

Information about states' QRIS efforts can be found in the [Quality Compendium](#), a comprehensive resource for information about all of the QRISs operating in the United States. It was developed by a partnership of the BUILD Initiative, the Early Learning Challenge Collaborative, and Child Trends.

The following resources may also be useful:

- ◆ [QRIS Resource Guide](#), by the National Center on Early Childhood Quality Assurance (n.d.), provides guidance for states as they explore key issues and consider decision points during the planning and implementation of a QRIS.
- ◆ [Quality Rating and Improvement System Fact Sheets](#) (2018), by the National Center on Early Childhood Quality Assurance, is a series of fact sheets about the state of quality rating and improvement systems (QRIS) with data compiled from the [Quality Compendium](#).

Improving the Supply and Quality of Child Care Programs and Services for Infants and Toddlers

Providing high-quality, age-appropriate care for infants and toddlers can be accomplished in a number of ways, including the following:

- ◆ Providing child care providers with specialized training and professional development on developmentally appropriate services, as well as coaching and technical assistance, can improve the quality of child care directly.
- ◆ Establishing or expanding high-quality community- and neighborhood-based care and coordinating with other services (such as early intervention specialists) can help ensure that the unique needs of infants and toddlers are being met.
- ◆ By establishing infant and toddler components in licensing regulations, QRISs, and early learning and development guidelines, Lead Agencies can support infants and toddlers comprehensively and better ensure that parents have access to information about high-quality infant and toddler care.

Lead Agencies will be asked to identify in their CCDF Plans which of the following activities are being implemented to improve the quality of child care programs and services for infants and toddlers:

1. Establishing or expanding high-quality community- or neighborhood-based family and child development centers, which may serve as resources to child care providers in order to improve the quality of early childhood services provided to infants and toddlers from low-income families and to help eligible child care providers improve their capacity to offer high-quality age-appropriate care to infants and toddlers from low-income families
2. Establishing or expanding the operation of community- or neighborhood-based family child care networks
3. Providing training and professional development to promote and expand child care providers' ability to provide developmentally appropriate services for infants and toddlers
4. Providing coaching or technical assistance on this age group's unique needs from statewide networks of qualified infant/toddler specialists
5. Coordinating with early intervention specialists who provide services for infants and toddlers with disabilities under Part C of the Individuals with Disabilities Education Act (20 U.S.C. 1431 et seq.)
6. Developing infant and toddler components within the state's QRIS
7. Developing infant and toddler components within the state's child care licensing regulations
8. Developing infant and toddler components within the early learning and development guidelines
9. Improving parents' ability to access transparent and easy-to-understand consumer information about high-quality infant and toddler care
10. Carrying out other activities determined by the state to improve the quality of infant and toddler care provided in the state, where there is evidence that the activities will lead to improved infant and toddler health and safety, cognitive and physical development, or well-being⁴²

Resources: Improving Infant and Toddler Care

- ◆ The [Infant/Toddler Resource Guide](#), from the Child Care State Capacity Building Center, provides many resources to support the development and implementation of policies and practices for high-quality care for infants and toddlers.
- ◆ [Strengthening State and Territory Infant/Toddler Child Care System Policies and Practices: A Tool for Advancing Infant/Toddler Child Care Quality](#)

- ◆ [*State and Territory Approaches to Improving the Supply and Quality of Child Care Programs and Services for Infants and Toddlers*](#)
- ◆ [*Developing a Statewide Network of Infant/Toddler Specialists: Technical Assistance Guide for States and Territories, Revised 2017*](#)
- ◆ [*Six Essential Program Practices: Program for Infant/Toddler Care*](#)

These six papers promote evidence-based program practices that support positive outcomes for infants and toddlers in group care settings.

- ◆ [*Supporting Babies through QRIS: A Self-Assessment Tool for U.S. States and Other Jurisdictions*](#), published by Zero to Three, is a resource that Lead Agencies can use to help ensure that the unique needs of infants and toddlers are addressed in QRISs or similar quality improvement initiatives.

Child Care Resource and Referral (CCR&R)

A Lead Agency may expend funds to establish or expand a statewide system of child care resource and referral (CCR&R) services. It can be coordinated, to the extent determined appropriate by the Lead Agency, by a statewide public or private nonprofit, community-based or regionally based lead child care resource and referral organization. CCR&R agencies can serve an important role in supporting state quality improvement efforts. Although there is variation in services and support provided by CCR&R agencies, typical activities include providing parents with information about child care options, working directly with families who receive assistance or have other unique needs, collecting data on child care provider demographics and supply, and establishing partnerships with public and private entities. CCR&R agencies may play a prominent role in quality rating and improvement system implementation efforts by providing training and professional development, coaching, and technical assistance, and by providing consumer education to parents.

Note that not all states have a CCR&R network or statewide system of CCR&R agencies. Some states use an array of agencies to deliver services that may be similar to some of the services provided by a typical CCR&R agency, often including professional development, resources, and consultation on quality improvement efforts.

Lead Agencies may be asked to describe how their state is meeting the requirements for CCR&R specified in the CCDBG Act if CCR&R activities are funded by CCDF funds. For additional information, refer to [*Define CCDF Leadership and Coordination with Relevant Systems*](#).

Resources: CCR&R Services

More information about CCR&R services is available from [Child Care Aware](#).

Facilitating Compliance with State Standards

Lead Agencies may be asked the following with regard to compliance with state standards:

1. What strategies does your state fund with CCDF quality funds to facilitate child care providers' compliance with state requirements for inspection, monitoring, training, and health and safety, and with state licensing standards?
2. Describe the measures relevant to this activity that your state will use to evaluate its progress in improving the quality of child care programs and services.

Resources: Compliance with State Standards

Additional information is available in [*Establish Standards and Monitoring Processes to Ensure the Health and Safety of Child Care Settings*](#).

For additional resources on monitoring and coordinated monitoring, refer to the following:

- ◆ [Mapping the Early Care and Education Monitoring Landscape](#) (2017), by the Child Care State Capacity Building Center and the National Center on Early Childhood Quality Assurance.
- ◆ [Coordinated Monitoring in Early Care and Education: Benefits and Strategies Webinar](#) (2016), by the National Center on Early Childhood Quality Assurance.
- ◆ [Consumer Education: Information about Provider Monitoring and Oversight](#) (2015), by the National Center on Early Childhood Quality Assurance.

Quality Assessment

The effectiveness of quality interventions and the quality of child care programs can be measured in various ways. Documentation for meeting quality standards can be in the form of a checklist, a self-report or self-assessment, presentation of materials, or an observation or assessment. Most quality rating and improvement systems (QRISs) include valid and reliable assessments and evidence-based quality standards to measure observable quality and have established coordinated data systems to monitor progress.

Lead Agencies may be asked to describe the following:

1. How the state measures the quality and effectiveness of child care programs and services offered in the state, including any tools used to measure child, family, teacher, classroom, or provider improvements, and how the state evaluates how such programs positively affect children
2. The measures relevant to this activity that the state will use to evaluate its progress in improving the quality of child care programs and services.

Resources: Quality Assessment

The [QRIS Resource Guide](#) offers guidance and examples specific to data collection and evaluation that are useful for QRIS and other quality improvement initiatives.

[Quality in Early Childhood Care and Education Settings: A Compendium of Measures, 2nd edition](#), provides detailed information about program assessment measures, including the purpose of the measures, intended ages and settings, administration of the measures, reliability, and validity.

Accreditation Support

States may recognize accreditation by a national accrediting body as a measure of quality. There are several national accrediting bodies that typically focus on specific child care settings and ages of children served.

States that incorporate national accreditation systems into their quality rating and improvement systems (QRISs) generally do so as equivalent to, or required for, higher levels of quality. Most states accept more than one national accreditation and typically base this decision on a comparison of the accreditation standards with their QRIS requirements. Several states have developed online crosswalks that are used to compare several sets of standards (such as state standards, accreditation, and Head Start Program Performance Standards).

Lead Agencies may be asked in the CCDF Plan whether their state supports child care providers in the voluntary pursuit of accreditation by a national accrediting body with demonstrated, valid, and reliable program standards of high quality.

Resources: Accreditation

The [Quality Compendium](#) is a comprehensive resource for administrators, policy makers, researchers, technical assistance providers and others for information about all of the Quality Initiatives operating in the US and its territories. Features of the Quality Compendium include: information on topics like rating, use of observational tools, and indicators; full state and locality QRIS profiles; functionality to create customizable data reports about specific Quality Initiative data elements; and useful analysis of some of the key facts about Quality Initiatives including accreditation.

Program Standards

Standards are agreed-upon markers of quality established in areas critical to effective programming and child outcomes. Standards create a common definition of quality for child care providers, policymakers, and the general public and can be used as a consumer education tool for parents. Program standards may be found in licensing standards, quality rating and improvement system standards, or other quality improvement initiatives.

Lead Agencies may be asked in the CCDF Plan whether their state is supporting the development or adoption of high-quality program standards relating to health, mental health, nutrition, physical activity, and physical development.

Resources: Program Standards

- ◆ The [National Database of Child Care Licensing Regulations](#), from the National Center on Early Childhood Quality Assurance, is a tool for finding and searching state child care licensing regulations and licensing agency contact information. It also includes links to other state early childhood program standards (for example, QRIS, CCDF provider requirements, and prekindergarten).
- ◆ [QRIS Compendium Fact Sheet: Indicators of Quality for Ratings](#) (2017), by the National Center on Early Childhood Quality Assurance.
- ◆ [QRIS Quality Standards Websites](#) (2018), by the National Center on Early Childhood Quality Assurance.

Other Quality Improvement Activities

Other quality improvement activities can be implemented that improve the quality of child care services provided, so long as outcomes related to the improvement of provider preparedness, child safety, child well-being, or entry to kindergarten can be measured. These additional activities may include consumer education efforts.

Lead Agencies are required to describe in the CCDF Plan the measures relevant to these activities that their state uses to track improvements to the quality of child care services.

Resources

- ◆ [Cost Estimation Model Tool](#) (n.d.), by the National Center on Early Childhood Quality Assurance.
- ◆ [National Program Standards Crosswalk Tool](#) (n.d.), by the National Center on Early Childhood Quality Assurance.
- ◆ [Provider Cost of Quality Calculator](#) (n.d.), by the National Center on Early Childhood Quality Assurance.
- ◆ The [NCASE Resource Library](#), updated quarterly, includes tools, profiles, and information on a range of key out-of-school-time topics.

- ◆ The [*Combining Resources to Support Quality Out-of-School Time Programs*](#) practice brief explores models for effectively combining CCDF with other frequently used funding sources to better support and sustain child care programs. It includes state examples.
- ◆ The [*Creating a Successful Formula to Engage Out-of-School Time Programs in Quality Improvement Systems*](#) practice brief focuses on state examples of a cross-sector approach to engagement in quality improvement systems that can help to raise awareness of the need to include out-of-school-time programs and support more efficient use of resources for improving school-age child outcomes.
- ◆ [*Quality in Early Childhood Care and Education Settings: A Compendium of Measures, 2nd edition*](#) (2010), by Halle, Vick Whittaker, and Anderson.
- ◆ [*Resource Guide: Child Care Workforce Qualifications, Training, and Professional Development*](#) (2016), by the Child Care State Capacity Building Center.
- ◆ [*Aligned Professional Development Systems Planning and Implementation Guide*](#) (2013), by the National Center on Child Care Professional Development Systems and Workforce Initiatives.

Part 9. Ensure Grantee Accountability

Part 9 includes information about funding and the use of funds, required reporting, accountability and program integrity, and waivers.

Funding and Allocations

Lead Agencies are responsible for the following:

- Monitoring programs and services
- Ensuring compliance with the rules of the Child Care and Development Fund (CCDF) program
- Promulgating rules and regulations to govern the overall administration of the CCDF program as described in the CCDF Plan
- Overseeing the expenditure of funds, including by subgrantees (subrecipients) and contractors

In many states,¹⁰² the Child Care and Development Fund (CCDF) Administrator is not directly responsible for or involved in funding decisions, fiscal reporting requirements, or CCDF program integrity and fraud prevention activities. However the CCDF Administrator may be asked to provide information about these functions to the Administration for Children and Families (ACF) or state staff, and to provide the links, connections, and coordination needed to ensure that they take place. Ensuring Lead Agency (grantee) accountability is critical to guaranteeing that high-quality services are delivered to the low-income children and families for whom the assistance is intended.

CCDF Funding Overview

The CCDF is the primary federal program specifically devoted to providing families with child care subsidy and funding supports to states to improve quality. The CCDF is jointly financed by federal and state governments and consists of three funding streams: mandatory, matching, and discretionary funds.

Mandatory and matching funds were enacted by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and are appropriated under Section 418 of the Social Security Act (42 U.S.C. 618).

PRWORA repealed the old welfare-related child care programs provided under the Social Security Act: Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills (JOBS) Child Care, Transitional Child Care, and At-Risk Child Care. PRWORA also required that the new mandatory and matching Funds be transferred to state Lead Agencies as the Child Care and Development Block Grant (CCDBG) and be administered by these agencies, using the provisions of the CCDBG Act as amended.

The amounts of mandatory and matching funds appropriated for CCDF are governed by Section 418 of the Social Security Act (as opposed to the CCDBG Act) and were not changed by the CCDBG Act. Note that, while the funding mechanism for mandatory and matching funds is separate from discretionary CCDBG funding, PRWORA made discretionary funding subject to the requirements of the CCDBG Act, as amended. The U.S. Department of

¹⁰² CCDF regulations define *state* as follows: “any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes Tribes unless otherwise specified” [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)]. For ease of reading, the term *state* is used inclusively throughout this resource unless otherwise specified.

Health and Human Services subsequently designated the combined funding streams as the Child Care and Development Fund (CCDF) program.

To access matching funds, states must provide a share of the matching funds (based on the prevailing Federal Medical Assistance Percentages rate) and spend at their required maintenance of effort (MOE) level.

Each state's MOE level is based on the federal share of its funding for the now-repealed AFDC-linked child care programs. The share is based on federal funds received in FY 1994, FY 1995, or an average of funds received in FY 1992–1994, whichever is greater.

Funding Distribution

Subject to the availability of appropriations, CCDF discretionary funds are distributed as follows:¹⁰³

- ◆ Each fiscal year, the Secretary of Health and Human Services (“Secretary”) shall reserve an amount not to exceed 0.5 percent of the CCDF funds appropriated for payments to the territories.
- ◆ Each fiscal year, the Secretary shall reserve not less than 2 percent (with limitations specified in the statute) for payments to Indian tribes and tribal organizations.
- ◆ The Secretary shall reserve up to \$1.5 million of the appropriation for each fiscal year for the operation of a national toll-free hotline and website.
- ◆ Each fiscal year, the Secretary shall reserve up to 0.5 percent of the CCDF funds for that fiscal year to support technical assistance and dissemination activities to grantees.
- ◆ The Secretary may reserve 0.5 percent of CCDF funds for each fiscal year to conduct research and demonstration activities, as well as periodic external, independent evaluations of the program's impact on increasing access to child care services and improving the safety and quality of child care services, using scientifically valid research methodologies, and to disseminate the key findings of those evaluations widely and on a timely basis.
- ◆ States receive the remaining funds out of the discretionary fund.

Of the matching and mandatory funds, states receive about 98 percent of the mandatory funds and are eligible to receive up to 98 percent of the matching funds. Indian tribes receive 2 percent, which is composed entirely of federal funds. Grantees must apply for funds and have an Administration for Children and Families (ACF)-approved triennial CCDF Plan.

Allocation Formulas¹⁰⁴

Discretionary funds: Discretionary funds are 100 percent federal funds and are allocated to states using a proportional formula based on three factors:

1. **The young child factor:** The state's share of children younger than age 5
2. **The school lunch factor:** The state's share of children receiving free or reduced-price lunch
3. **The allotment proportion factor:** The state's per capita income (averaged over 3 years)

¹⁰³ CCDBG Act of 2014 658O(a).

¹⁰⁴ Child Care and Development Fund, 45 C.F.R. §§ 98.55, 98.60, 98.61, 98.62, 98.63 (2016).

Mandatory funds: These are 100 percent federal funds. Each state's share of the funds is based on the federal share of its funding for the now repealed Aid to Families with Dependent Children (AFDC) linked child care programs (AFDC, JOBS Child Care, Transitional Child Care, and At-Risk Child Care). The share is based on federal funds received in FY 1994, FY 1995, or an average of funds received in FY 1992–1994, whichever is greater.

Matching funds: Matching funds are remainder funds, that is, the difference between the amount appropriated by Congress for a given year (under section 418(a)(3) of the Social Security Act), less amounts reserved for technical assistance, research, and tribal mandatory funds, and the amount of mandatory funds distributed to states. Matching funds are allocated to states on the basis of the number of children younger than age 13, compared with the national total of children younger than age 13. (The data are to be based on the best that are available for the second year preceding the allocation.)

To receive these funds, a state must

1. provide matching funds at the current Medicaid match rate,
2. obligate the federal and state share of matching funds in the year in which the matching funds are awarded,
3. obligate all of its mandatory funds in the fiscal year in which the mandatory funds are awarded, and
4. obligate and expend its maintenance of effort (MOE) funds in the year in which the matching funds are awarded.

Note: The term *state*, as used in this document, generally includes territories except when specifically referring to CCDF mandatory or matching funds. Territories do not receive mandatory or matching funds.

States may meet the match requirement through expenditures of the following:

- ◆ **Public funds:** Public funds appropriated directly to the state's Lead Agency may be used to meet state match requirements. Public funds may include general revenue funds, county or other local public funds, state-specific funds (tobacco tax, lottery), or any other public funds. Match requirements may be met by expenditure of public funds transferred from another public agency to the Lead Agency, as long as they are under the administrative control of the Lead Agency or certified by the contributing public agency as representing expenditures eligible for federal match. Federal funds or funds used to match other federal funds may not be used to meet CCDF match requirements, unless authorized by federal law to be used to match other federal funds.¹⁰⁵
- ◆ **Public prekindergarten (pre-k) funds:** In any fiscal year, a state may use public pre-k funds for up to 30 percent of the required match and up to 20 percent of the MOE requirement.¹⁰⁶ Public pre-k expenditures may be eligible for match if the state includes in its CCDF Plan a description of the efforts it will undertake to ensure that pre-k programs meet the needs of working parents. The assessment of the pre-k limitations will take place at the end of the applicable fiscal year, and not by quarter.¹⁰⁷

Private donated funds: The state match may include donated funds from private sources. The funds must be certified both by the state Lead Agency and either the donor or the entity designated by the Lead Agency to

¹⁰⁵ Child Care and Development Fund, 45 C.F.R. § 98.55(e)(1) (2016).

¹⁰⁶ CCDF State Match Provisions final rule, published May 18, 2007, with an effective date of October 1, 2007 (72 Fed. Reg. 27,972). This final rule revised the CCDF regulations to give states increased flexibility in making the necessary state expenditures on child care to access their full allotment of CCDF federal matching funds.

¹⁰⁷ Child Care and Development Fund, 45 C.F.R. § 98.53(h) (2016).

receive privately donated funds. In order for donated funds to be counted toward the match, the funds must have been donated without any restriction that would require their use for a specific individual, organization, facility, or institution, and may not revert to the donor’s facility or use. Additionally, the funds may not be used to match other federal funds and must be subject to audit.¹⁰⁸ Donated funds do not need to be under the administrative control of the Lead Agency to qualify as an expenditure for federal match. However, Lead Agencies do need to identify and designate in the CCDF Plan the donated funds given to public or private entities to implement the CCDF child care program.

In-kind contributions and parent copayments for child care services are not eligible state expenditures for meeting match requirements.¹⁰⁹

Maintenance of effort (MOE): MOE means that a state must continue to expend its own funds at the level at which it was matching the former AFDC-linked child care programs in FY 1994 or FY 1995, whichever was greater.

The CCDF final rule clarifies that public prekindergarten funds may also serve as maintenance-of-effort funds as long as the state can describe how it will coordinate prekindergarten and child care services to expand the availability of child care while using public prekindergarten funds as no more than 20 percent of the state’s maintenance of effort or 30 percent of its matching funds in a single fiscal year. If expenditures for prekindergarten services are used to meet the maintenance-of-effort requirement, the state must certify that it has not reduced its level of effort in full-day, full-year child care services.

Obligation and Liquidation Requirements

In general, an *obligation* is an action that commits the funds; for example, through issuance of a voucher or certificate to a family or through a contract or subgrant for purchase of services. *Liquidation* generally means the payment of funds to a third party, such as a child care provider, as a result of an obligation.

If Source of Funds Is FY 2020 (10/1/19–9/30/20)	Obligation Must Be Made by End of ...	And Liquidated by End of ...
Discretionary	FY 2021 (9/30/2021) (By end of 2nd fiscal year)	FY 2022 (9/30/2022) (By end of 3rd fiscal year)
Mandatory	FY 2020 (9/30/2020) (For states requesting matching funds, by end of 1st fiscal year)	No requirement to liquidate by a specific date
Matching	FY 2020 (9/30/2020) (By end of 1st fiscal year)	FY 2021 (9/30/2021) (By end of 2nd fiscal year)
Maintenance of effort	FY 2020 (9/30/2020) (For states requesting matching funds, by end of 1st fiscal year)	FY 2020 (9/30/2020) (For states requesting matching funds, by end of 1st fiscal year)

¹⁰⁸ Child Care and Development Fund, 45 C.F.R. § 98.55(e)(2) (2016).

¹⁰⁹ Child Care and Development Fund, 45 C.F.R. § 98.55(g) (2016).

Use of Funds¹¹⁰

The CCDF regulations establish allowable uses of CCDF funds related to the provision of child care services, activities to improve the quality of child care, and administrative costs.

In addition, the rules establish matching fund requirements, restrictions on the use of funds, and cost allocations. The matching requirements were discussed in the previous section under [Allocation Formulas](#), and restrictions on use of funds are described in the [section below](#). Consult with your Lead Agency fiscal staff regarding cost allocation requirements related to CCDF (for example, cost allocation plans, subgrantee negotiated federal indirect rate, and the like) to determine how they affect decision-making regarding CCDF funds.

Child care services: The state must provide direct child care services as follows:

- To eligible children based on CCDF requirements
- Using a sliding fee scale for parental copayments
- Using child care certificates, grants, or contracts
- In a way that gives priority for services to children in families with very low income, children with special needs (including special populations defined by the Lead Agency), and children experiencing homelessness

Funding parameters:

- ◆ At least 70 percent of the mandatory and combined federal and state share of matching funds must be used to meet the child care needs of families who are
 - receiving Temporary Assistance for Needy Families (TANF),
 - making efforts through work activities to transition off of TANF, and
 - at risk of becoming dependent on TANF.
- ◆ From the discretionary allotment, states must
 - reserve the minimum amount to be spent on the required spending levels for quality activities and no more than the 5 percent for administrative costs; and
 - spend, from the remainder, at least 70 percent to fund direct services provided by the Lead Agency.
- ◆ Of all funds remaining after meeting the spending requirements outlined in the final rule, a substantial portion of the funds must be used to support direct child care services for low-income families who are working or in training or education.

Services for children experiencing homelessness: The Lead Agency must spend funds on activities that improve access to quality child care services for children who are experiencing homelessness. Activities that improve access include the following:

- ◆ Procedures that permit enrollment (after an initial eligibility determination) while required documentation is obtained

¹¹⁰ Child Care and Development Fund, 45 C.F.R. §§ 98.50–98.54 (2016).

- ◆ Training and technical assistance for providers and appropriate Lead Agency (or designated entity) staff to increase their understanding of identifying and serving children and families experiencing homelessness
- ◆ Specific outreach to families experiencing homelessness

If, after obtaining all documentation required for eligibility, a family experiencing homelessness is found to be ineligible for subsidy, the Lead Agency must pay any amount owed to the child care provider for services that were provided as a result of the initial eligibility determination. As a reminder, payments made prior to the final eligibility determination will not be considered an error or an improper payment. For additional information on serving children who are experiencing homeless, refer to [Families Experiencing Homelessness](#).

Child care resource and referral (CCR&R) organization: The state may use CCDF funds to establish or support a system of local or regional CCR&R organizations that is coordinated, to the extent determined appropriate by the state, by a lead CCR&R organization. The lead organization may be a statewide public or private nonprofit, or a community-based or regional organization. For additional information, refer to [Define CCDF Leadership and Coordination with Relevant Systems](#).

Quality activities: Lead Agencies must spend a certain percentage of their total CCDF expenditures per fiscal year on activities designed to improve the quality of child care services and increase parental option for, and access to, high-quality child care. These funds may be used to improve the quality of care for all children, regardless of whether the children receive subsidy. Further, the activities are not limited to only providers serving children eligible for subsidy.

- ◆ The regulations set forth the amount that must be spent from the aggregated amount of funds expended by a state. The aggregate funds include the expenditures from the discretionary and mandatory funds as well as the federal and state shares of matching funds. Maintenance-of-effort amounts expended by the state are not subject to the required percentages. Unless expressly authorized by law, targeted funds and other set-asides for quality that may be appropriated cannot be used toward meeting the minimum quality expenditure requirements.
- ◆ Specifically, Lead Agencies must spend at least 9 percent in FY 2020 and subsequent years. Starting in FY 2017, and continuing each succeeding fiscal year, Lead Agencies must also spend 3 percent on activities to improve the supply and quality of care for infants and toddlers.

These spending requirements specify minimum amounts; Lead Agencies may spend a higher percentage on improving the quality of child care and the quality of infant and toddler care.

- ◆ In addition, Lead Agencies must prioritize increasing access to high-quality child care and development services for children in families that live in areas that have
 - a significant concentration of poverty and unemployment and
 - an insufficient number of high-quality programs.

Further information on the requirements for quality funding and the allowable activities can be found in [Support Continuous Quality Improvement](#).

Limitations on administrative costs: No more than 5 percent of CCDF expenditures may be used for administrative costs incurred by the state to carry out all its functions and duties. The 5 percent limitation applies only to states and territories. (Tribes and tribal organizations may spend up to 15 percent of total expenditures on administrative activities.)

Remember that these spending requirements specify **minimum** amounts. Lead Agencies may spend a higher percentage on improving the quality of child care and the quality of infant and toddler care.

Activities that may be counted toward administrative costs include the following:

- ◆ Salaries and related costs of Lead Agency staff or other agency staff engaged in the administration or implementation of the child care program. Program administration includes the following types of activities:
 - Planning, developing and designing the CCDF program
 - Providing local officials and the public with information about the CCDF program, including conducting public hearings
 - Preparing the application and CCDF Plan
 - Developing agreements with administering agencies to carry out program activities
 - Monitoring program activities for compliance with requirements
 - Preparing reports and other documents related to the program for submission to the Secretary of Health and Human Services
 - Maintaining substantiated complaint files in accordance with the requirements
 - Coordinating the provision of CCDF services with other federal, state, and local child care, early childhood development, and before- and afterschool programs
 - Coordinating the resolution of audit and monitoring findings
 - Evaluating program results
 - Managing or supervising people with responsibilities for the activities listed above
- ◆ Travel costs incurred in carrying out the program
- ◆ Administrative services, which may include services such as accounting (performed by grantees or subgrantees or under agreements with third parties)
- ◆ The Lead Agency audit required by the final rule
- ◆ Other costs for goods and services required to administer the program, including rental or purchase of equipment, utilities, and office supplies
- ◆ Indirect costs as determined by an indirect cost agreement or cost allocation plan

Maintenance-of-effort amounts expended by the state are not subject to the 5 percent limitation. Administrative costs do not include the costs of providing direct services. The following activities are not considered administrative costs and do not count toward the 5 percent limitation:

- ◆ Establishment and maintenance of computerized child care information systems
- ◆ Establishing and operating a certificate program
- ◆ Eligibility determination and redetermination
- ◆ Preparation for and participation in judicial hearings
- ◆ Child care placement
- ◆ Recruitment, licensing, and inspection of child care providers
- ◆ Training for Lead Agency or subrecipient 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

Restrictions¹¹¹

The CCDF shall be expended in accordance with federal requirements and applicable state, territory, and local laws, except as superseded by 45 C.F.R. 98.3. CCDF funds may not be used as the nonfederal share for other federal grant programs.

For students enrolled in grades 1–12, CCDF funds may not be used for school tuition or for any service provided during the regular school day or that supplants or duplicates the academic program of any public or private school.

Funds provided under grants or contracts to providers may not be used for any sectarian purposes. However, child care certificates may be used for sectarian purposes when provided as part of child care services. For example, a parent can use a CCDF certificate or voucher to pay for child care services provided in a church facility, even when part of the child care program includes worship or religious instruction.

For state, territory, and local agencies and nonsectarian agencies or organizations, no funds shall be expended for the purchase or improvement of land, or for the purchase, construction, or permanent improvement of any building or facility. However, funds may be expended for minor remodeling and for upgrading child care facilities to ensure that providers meet state and local child care standards, including applicable health and safety requirements. For sectarian agencies or organizations, funds may be expended for minor remodeling only if necessary to bring the facility into compliance with the health and safety requirements established pursuant to 45 C.F.R. 98.41.

Resources: Restrictions

- ◆ [What Congregations Should Know about Federal Funding for Child Care](#) (2012), by the Child Care Bureau (now the Office of Child Care), Administration for Children and Families, U.S. Department of Health and Human Services.

Data Reporting Requirements

This table is provided as a quick reference on reporting requirements for State CCDF Administrators and other Lead Agency staff. Tribes have similar forms and dates. Click [here](#) to download a PDF version of this table. Click [here](#) to download a PDF version of a similar table for tribes.

	State or Territory CCDF Plan	Quality Progress Report	Financial Report	Aggregate and Case- Level Reports	Error Rate Reports
Form number	ACF-118	Not available yet	ACF-696	ACF-800 & ACF-801	SDAP, ACF- 403, 404, & 405

¹¹¹ CCDBG Act of 2014 658F(b), 658M; Child Care and Development Fund, 45 C.F.R. § 98.56 (2016).

	State or Territory CCDF Plan	Quality Progress Report	Financial Report	Aggregate and Case-Level Reports	Error Rate Reports
Purpose	Serves as the agreement between the Lead Agency and the Federal Government as to how CCDF programs will be administered in conformance with legislative requirements, pertinent federal regulations, and other instructions and guidelines issued by ACF.	The purpose of the annual QPR is to capture State and Territory progress on how CCDF quality funds were expended, including the activities funded and the measures used by States and Territories to evaluate progress in improving the quality of child care programs and services for children from birth to age 13.	States are required to use the ACF-696 to report estimates and expenditures for the Mandatory Fund, the Matching Fund, and the Discretionary Fund. Territories are required to use the ACF-696 to report estimates and expenditures for the Discretionary Fund only.	800: ACF-800 (Aggregate Data Report): Provides unduplicated annual counts of children and families served through the CCDF; and other information. ACF-801(Case-Level Data Report): Provides case-level data on the families and children served during the month of the report, and other demographic information. States may submit a sample or all cases.	States, the District of Columbia and Puerto Rico are required to measure, calculate, and report improper authorizations for payments as well as identify strategies for reducing future improper authorizations for payments. Sampling Decisions/Fieldwork Preparation Plan ACF-403: Record Review Worksheet ACF-404: Data Entry Form ACF-405: State Improper Authorizations for Payment Report

	State or Territory CCDF Plan	Quality Progress Report	Financial Report	Aggregate and Case- Level Reports	Error Rate Reports
Frequency	Triennially (Note: See information on amendment process and timelines)	Annually	Quarterly	ACF-800: Annual ACF-801: Monthly or Quarterly (Grantee's choice)	ACF-403, ACF-404 & ACF-405 are to be completed by one-third of the 52 States each year of a three-year cycle for the review process.
Reporting period	Three-year period	Federal FY, October–September (annually)	October 1–December 31 January 1–March 31 April 1–June 30 July 1–September 30	ACF-800: Federal fiscal year (Oct 1 – Sep 30) ACF-801: Every month or quarter	ACF-404 Year 1 cohort: FY 16, due June 2020* Year 2 cohort: FY 17, due June 2021* Year 3 cohort: FY 18, due June 2022*
Due	July 1 prior to start of reporting period (for example, 7/1/18 for FY 2018–2020)	December 31	30 days after end of quarter	800: December 31 801: Every 90 or 60 days	SDAP; by October 31 ACF-403; by December 31 ACF-404; by June 30 of the reporting year ACF-405 (if applicable); within 60 days of ACF-404 submission

	State or Territory CCDF Plan	Quality Progress Report	Financial Report	Aggregate and Case- Level Reports	Error Rate Reports
Submission method	ACF-118 E-Submission site at: https://extranet.acf.hhs.gov/stplan/STPLAN_Login.jsp	ACF-118 E-Submission site at: https://extranet.acf.hhs.gov/stplan/STPLAN_Login.jsp	On-Line Data Collection (OLDC) System	ACF-800: submission (at http://www.acf.hhs.gov/cgi-bin/ccis/acf800.cgi) ACF-801: Electronic data files (via secure electronic medium)	On-Line Data Collection (OLDC) System
Submit to	ACF Regional Office	ACF Regional Office	ACF Regional Office	ACF-800: Office of Child Care, Reports Manager (via internet) ACF-801: Department of Health and Human Services (via secure electronic medium)	ACF Regional Office
Technical assistance	ACF Regional Office	ACF Regional Office	ACF Regional Office	On-line help for ACF-800 On-line help for ACF-801 ACF Regional Office National Center on Child Care Data and Technology	ACF Regional Office

Notes: Regarding due dates for reports, states¹¹² are strongly encouraged to submit reports ahead of due dates. This allows time for adjustments that may be needed, any technical challenges that may occur with the submission website, and unexpected absences by Lead Agency staff. The 31st dates reference “in the calendar year prior to the reporting year.”

^{*} Each state, including the District of Columbia and Puerto Rico, reports its error rate once every 3 years on a rotational cycle. The 3-year cycle is assigned into cohorts as follows:

Cycle year 1: Alabama, Alaska, California, Colorado, Georgia, Illinois, Indiana, Kansas, Nevada, New Hampshire, North Dakota, Oklahoma, Pennsylvania, Puerto Rico, Texas, Vermont, Washington, West Virginia

¹¹² CCDF regulations define *state* as follows: “any of the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Marianas Islands, and includes Tribes unless otherwise specified” [Child Care and Development Fund, 45 C.F.R. § 98.2 (2016)]. For ease of reading, the term *state* is used inclusively throughout this resource unless otherwise specified.

Cycle year 2: Arizona, Arkansas, Delaware, Florida, Iowa, Louisiana, Massachusetts, Mississippi, New York, Ohio, Oregon, Rhode Island, South Dakota, Tennessee, Utah, Virginia, Wisconsin

Cycle year 3: Connecticut, District of Columbia, Hawaii, Idaho, Kentucky, Maine, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, New Jersey, New Mexico, North Carolina, South Carolina, Wyoming

ACF-118: CCDF Plan, Implementation Timeline, and Amendment Process

The CCDBG Act of 2014 brought about a number of changes, some of which are straightforward to implement, and others that are more complex and take time to put in place. The level of effort needed for implementation varies depending on the number of changes a state needs to make. Some states need time to enact changes through their state legislatures or rulemaking processes.

Submission and approval of the CCDF Plan is the primary mechanism by which the Administration for Children and Families (ACF) works with Lead Agencies to ensure that state programs meet federal requirements. The submitted and final CCDF Plan must be made publicly available on the Lead Agency's website. Lead Agencies are required to hold at least one public hearing in the state or territory, with sufficient statewide or territory-wide distribution of notice prior to such a hearing to enable the public to comment on the provision of child care services under the CCDF Plan.

Implementation Timeline

The CCDF Plan (form ACF-118) is written and approved on a triennial basis; each Plan covers a 3-year timeframe from the fiscal year it is initially approved. The CCDF Plan serves as the application for CCDF funds by providing a description of, and assurance about, the Lead Agency's child care program and all services available to eligible families.

The Office of Child Care (OCC) partners with states to support and monitor the successful and timely implementation of all provisions of the CCDBG Act. States will need to review their Plans in conjunction with the final rule and work with their regional offices to ensure that they are on track.

As a part of the monitoring process, OCC conducts onsite visits with Lead Agencies to assess compliance with the CCDF requirements. Regional office staff have a primary role in the visits. The priority areas for monitoring are as follows:

1. Disaster preparedness
2. Consumer education
3. Twelve-month eligibility
4. Child ratios and group size
5. Health and safety training (11 topics) plus child development training
6. Health and safety preservice and ongoing provider training
7. Annual inspections for licensed providers
8. Inspections for license-exempt providers
9. Ratios for licensing inspectors
10. Child abuse and neglect reporting
11. Program integrity and accountability

Lead Agency monitoring consists of a variety of activities including the Lead Agency submitting documents to the Regional Office prior to the visit, a multi-day on-site visit, follow-up phone calls along with possible additional documentation being submitted. The Lead Agency will receive a Monitoring Letter and Report which serves as the notice of the results from the monitoring, including any areas that the monitoring team identified as being unmet.

The Lead Agency has 60 days (or longer if necessary) to develop a response including how the state will come in to compliance with areas determined to be noncompliant.

Amendment Process

Any substantial change to the CCDF program requires an amendment to the approved CCDF Plan pursuant to 45 C.F.R. 98.18(b) of CCDF regulations. Before amending the ACF-118 Plan, Lead Agencies must first contact the regional office to discuss any proposed modifications. The regional office can assist in determining the need for the amendment as well as providing guidance on the information needed to complete the amendment.

ACF encourages Lead Agencies to formally submit any Plan amendment before implementing the change to avoid the possibility of implementing a policy that fails to meet federal requirements (in which case the amendment cannot be approved). If prior submission is not possible, the Lead Agency must submit the Plan amendment within 60 days of the effective date of the change. In no case will ACF approve an effective date that is more than 60 days before the submission of a Plan amendment. Lead Agencies will use the CCDF ACF-118 Plan [submission website](#) to submit Plan amendments.

ACF will make determinations on amendments no later than 90 days after the date the amendment is received, unless a written agreement to extend that period has been secured.

As a reminder, amendments to the CCDF Plan, and any approved requests for temporary relief (for example, waivers) have to be made publicly available on the Lead Agency website.¹¹³ In addition, the Lead Agency must provide advance written notice to affected parties of changes that adversely affect income eligibility, payment rates, or fees.

A few reminders on amendments to the CCDF Plan:

- ◆ An amendment to the CCDF Plan is required if the Lead Agency changes or if the Lead Agency official changes.
- ◆ A Plan amendment is required if the website address where the Plan is posted is changed.
- ◆ Any changes made to the web links provided in Section 2.3: Consumer Education after the CCDF Plan is approved will require a CCDF Plan amendment.
- ◆ An amendment is required if the Lead Agency's consumer education website changes.
- ◆ Lead Agencies must ensure advanced written notice is provided to impacted parties (meaning parents and child care providers) of substantial changes in the program that adversely affect eligibility, payment rates, and sliding fee scales.¹¹⁴

Resources: Amendment Process

Program Instruction CCDF-ACF-PI-2009-01, *Approval of Plan Amendments*, provides additional clarification regarding Plan amendments and is available on the [Office of Child Care website](#).

¹¹³ Child Care and Development Fund, 45 C.F.R. § 98.14(d) (2016).

¹¹⁴ Child Care and Development Fund, 45 C.F.R. § 98.18(b)(2) (2016).

ACF-800 and 801 Child Care Data Reporting¹¹⁵

For reporting purposes, the Office of Child Care (OCC) collects administrative data regarding the number of children and families served through the CCDF, as well as other caseload characteristics. Aggregate and case-level child care program information is required by the Child Care and Development Block Grant Act. The requirements are further expanded on in the CCDF final rule (see CCDF regulations at 45 C.F.R. 98.70–98.71). The aggregate and case-level child care data reporting received through the ACF-800 and ACF-801 forms provides the means to analyze and evaluate the CCDF program and the extent to which states are assisting families in addressing child care needs. This is important because this collection provides OCC with the information necessary to make its biennial report to Congress, address national child care needs, offer technical assistance to grantees, meet performance measures, and conduct research.

ACF-800 Annual Aggregate Child Care Data Report

All CCDF Lead Agencies are responsible for completing the annual ACF-800. The ACF-800 collects state-level aggregate child care program information. The CCDBG Act of 2014 added a requirement that states collect data on the number of child fatalities occurring among children while in the care and facilities of child care providers receiving assistance. Aggregate data for the ACF-800 are required to be *total, unduplicated* counts of the state's CCDF caseload. Therefore, each family, child, and provider must be counted only once during the reporting period as indicated.

The state-level aggregate report should be submitted through the Internet, via the ACF-800 Submission site (access the [web-based ACF-800 form here](#)). The site is color-coded to help identify missing information and potential errors. Data corrections can be made at any time via the site. To ensure the validity of the data submitted, the website is secured and requires a user name and password for submission.

Lead Agencies must submit the annual ACF-800 report no later than **December 31**.

ACF-801 Monthly Child Care Data Report

All CCDF Lead Agencies are responsible for completing the ACF-801. The ACF-801 collects case-level child care program information for the CCDF required by section 658K of the CCDBG Act and as outlined in the final rule (45 C.F.R. 98.70–98.71). The law requires the following:

¹¹⁵ CCDBG Act of 2014 658K(a); Child Care and Development Fund, 45 C.F.R. §§ 98.70–98.71 (2016).

- Lead Agencies must report whether families being served are homeless.
- Lead Agencies can no longer report Social Security numbers as identifiers for either families or providers.
- Lead Agencies must report on additional items added to strengthen the administrative data, including the following:
 - Family and provider zip code
 - Military service of eligible parent(s)
 - Primary language spoken at home of eligible family
 - The child's disability
 - If the provider is subject to Head Start or Early Head Start standards
 - The last date of the health, safety, and fire inspection
 - Indicators of the quality of the child care provider

Case-level data are collected monthly and reported monthly or quarterly. Monthly submissions are due 90 days after the end of the month; quarterly submissions are due 60 days after the end of each quarter. The case-level report must be submitted electronically to the Administration for Children and Families via secure electronic medium.

Resources: ACF 800 and 801

The National Center on Child Care Data and Reporting provides technical assistance related to the submission of the ACF-800 and assists CCDF grantees with their questions and concerns related to the ACF-801. States may contact their regional office, or they may contact the center directly for assistance with completing the state-level reports at (877) 249-9117 or ncdr@ecetta.info.

The latest ACF-800 and ACF-801 technical bulletins are available at <https://www.acf.hhs.gov/occ/resource/current-technical-bulletins>:

- ◆ *Technical Bulletin #1. ACF-800 State-Level Data Standards*
- ◆ *Technical Bulletin #2. Issues Related to Data Collection and Analysis*
- ◆ *Technical Bulletin #3. ACF-801 Case-Level Data Standards*
- ◆ *Technical Bulletin #4. ACF-801 Case-Level File Format*
- ◆ *Technical Bulletin #5. ACF-801 Case-Level Data Submission Guidelines*
- ◆ *Technical Bulletin #6. CONNECT: Direct Procedures*
- ◆ *Technical Bulletin #8. ACF-801 Clarifications*
- ◆ *Technical Bulletin #9. Using the ACF-801 Data Assessment Reports*

ACF-696 Financial Reporting

All state grantees are required to complete and submit the ACF-696 Financial Report on a quarterly basis for each fiscal year grant award until all funds are expended.¹¹⁶ Since CCDF funds from a given grant award may be available for use in more than one fiscal year, Lead Agencies will likely report on multiple grant awards simultaneously. Financial staff are encouraged to coordinate with the CCDF Administrator and refer to the CCDF Plan while preparing the narrative.

Quarterly reports are due January 31, April 30, July 31, and October 31.

State grantees report grant award expenditures from each of the three CCDF component funding streams on the ACF-696.¹¹⁷ As a reminder, these funding streams are as follows:

- ◆ **Discretionary funds** are authorized by the CCDBG Act. Discretionary funds are 100 percent federal funds and include targeted quality funds. States may transfer up to 30 percent of their Temporary Assistance for Needy Families grants to the CCDF budget, and these funds are treated as discretionary CCDF funds.
- ◆ **Mandatory funds** are appropriated under section 418(a)(3) of the Social Security Act. Mandatory funds are 100 percent federal funds.
- ◆ **Matching funds** are the remaining amount appropriated under section 418(a)(3) of the Social Security Act after mandatory funds are allotted. In order to receive the full allotment of matching funds for a fiscal year, each state must expend its maintenance of effort (MOE) requirement and obligate all mandatory funds. State expenditures in excess of the MOE requirement are matched at the Federal Medical Assistance Percentages rate.
 - States may count private donated funds and public pre-k expenditures as matching funds. However, in any fiscal year each state is limited to using public pre-k funds for up to 20 percent of the funds serving as MOE and up to 30 percent of the state's share of matching funds.

Maintenance of effort is a federal mandate that each state will spend a certain minimum amount of its own money (that had existed in a base period) to help eligible clients in ways that are consistent with the program involved. Each state's MOE level is based on the federal share of its funding for the now-repealed AFDC-linked child care programs. The share is based on federal funds received in FY 1994, FY 1995, or on an average of funds received in FY 1992–1994, whichever is greater.

Lead Agencies must follow applicable obligation and liquidation periods when expending and accounting for CCDF grant funds. In general, an *obligation* is an action that commits the funds; for example, through issuance of a voucher or certificate to a family or through a contract or subgrant for purchase of services. *Liquidation* generally means the payment of funds to a third party, such as a child care provider, as a result of an obligation.¹¹⁸

¹¹⁶ Child Care and Development Fund, 45 C.F.R. § 98.65(g) (2016).

¹¹⁷ The term *state*, as used in this document, generally includes territories except when specifically referring to CCDF mandatory or matching funds. Territories do not receive mandatory or matching funds.

¹¹⁸ CCDBG Act of 2014 658J(c); Child Care and Development Fund, 45 C.F.R. §§ 98.2, 98.60(d) (2016).

The following illustration explains the CCDF funding streams.

CCDF Funding Formula

Discretionary	Mandatory	Matching	Maintenance of Effort (MOE)
<ul style="list-style-type: none"> ◆ 100% federal ◆ Proportional formula based on: <ul style="list-style-type: none"> ■ Children under 5 ■ Children receiving free or reduced-price lunch ■ 3-year average per capita income ◆ Temporary Assistance for Needy Families (TANF) transfers ◆ No match requirements 	<ul style="list-style-type: none"> ◆ 100% federal ◆ Federal share of now-repealed AFDC-linked child care programs: <ul style="list-style-type: none"> ■ Federal funds received in FY 1994, 1995, or an average received in FY 1992–1994—whichever is greater ◆ No match requirements 	<ul style="list-style-type: none"> ◆ State and federal matched at the Federal Medical Assistance Percentages rate ◆ Number of children under age 13 ◆ Must expend MOE in order to receive 	<ul style="list-style-type: none"> ◆ 100% state funds ◆ Federal share of now-repealed AFDC-linked child care programs: <ul style="list-style-type: none"> ■ Federal funds received in FY 1994 or 1995, whichever is greater ■ Expend minimum amount of nonfederal funds

CCDF funds must be expended in accordance with the CCDBG Act, the implementing regulations at 45 C.F.R., parts 98 and 99, and the state’s approved CCDF Plan. For this reason, the Administration for Children and Families encourages CCDF Administrators to communicate with their counterparts filing the CCDF financial reports to confirm that expenditures being reported are consistent with what the Lead Agency describes in the CCDF Plan.

Note that obligation and liquidation timeframes for these funding streams are explained on the corresponding chart in the [Obligation and Liquidation Requirements](#) section.

Reallocated Discretionary Funds¹¹⁹

- ◆ States must submit reports by March 31 of each year declaring the amount (if any) from the previous year’s discretionary fund grant that they will be unable to obligate by the end of the obligation period.
- ◆ Any unobligated discretionary funds will be allotted to the other states in proportion to the original allotments.
- ◆ Re-allotted discretionary funds must be obligated and liquidated in the applicable periods for which they were originally allotted.

¹¹⁹ CCDBG Act of 2014 6580(e); Child Care and Development Fund, 45 C.F.R. § 98.64(b) (2016).

Redistributed Matching Funds¹²⁰

- ◆ Any unobligated portion of a state's matching fund grant will be redistributed to requesting states that have met the requirements for matching funds in the period for which the grant was first made.
- ◆ Redistributed matching funds are considered part of the grant for the fiscal year in which the redistribution occurs.

Reminder on Restrictions on Use of CCDF Funds

- **Construction:** No funds may be expended for the purchase, construction, or permanent improvement of any building or facility. CCDF funds may be expended for minor remodeling to assure that child care providers meet state and local standards [see CCDF regulations at 45 C.F.R. 98.54(b)].
- **Tuition restriction:** CCDF funds may not be used for students enrolled in grades 1–12 for services provided during the regular school day, services for which students receive academic credit or instruction, or services that supplant the program of any public or private school.
- **Sectarian purposes:** CCDF funds may not be directly expended for any sectarian purpose or activity (including child care services provided through a grant or contract). However, CCDF funds provided through child care certificates or vouchers given to parents may be expended for sectarian purposes or activities, including sectarian instruction or worship provided as part of child care services.

Quality Progress Report (QPR)¹²¹

The Quality Progress Report (QPR) collects information from states to describe investments to increase access to high-quality child care for children from birth to age 13. The report is due annually on December 31. The QPR meets the CCDBG Act requirements for Lead Agencies to submit an annual report that describes how quality funds were expended, including the activities funded and the measures used to evaluate progress in improving the quality of child care programs and services. The annual data provided is used to describe state priorities and strategies to key stakeholders, including Congress; federal, state, and territory administrators; providers; parents; and the public.

Specifically, this report is used to do the following:

- ◆ Ensure accountability for the use of CCDF quality funds, including a set-aside for quality infant and toddler care that began in FY 2017
- ◆ Track progress toward meeting state-set indicators and benchmarks for improvement of child care quality per what the Lead Agency described in the CCDF Plan
- ◆ Summarize how the Lead Agency is building a progression of professional development for child care providers as envisioned in the CCDBG Act
- ◆ Inform federal technical assistance efforts and decisions regarding strategic use of quality funds

¹²⁰ CCDBG Act of 2014 658O(e); Child Care and Development Fund, 45 C.F.R. § 98.64(c) (2016).

¹²¹ CCDBG Act of 2014 658G(d); Child Care and Development Fund, 45 C.F.R. § 98.53(f) (2016).

Error Rate Reporting (ACF-404)¹²²

Determining whether payments have been made correctly depends on the rules that each state establishes within the limitations of how federal funds may be used. The law requires states to consider a child to be eligible for a full 12-month period despite temporary changes in the parents’ status as working or participating in training or education activities, and despite an increase in income above the state’s threshold (as long as income does not exceed the federal limit of 85 percent of state median income). This means that it is not necessary to have strict policies that require reporting of minor changes in circumstances, as these changes would likely not affect eligibility. This practice of continuous eligibility also minimizes risk of a state issuing an improper payment. Lead Agencies may only increase copayments at redetermination or during the graduated phase-out period, thus eliminating the need for most reports of modest changes in income (while still permitting families to report changes that would affect their copayment favorably if their income falls and their ability to pay is reduced).

The Administration for Children and Families encourages states to have in place strong internal controls and program integrity efforts to help ensure that program dollars go to the low-income eligible children and families for whom assistance is intended; however, it is important to ensure that these efforts do not inadvertently impair access for eligible families.

The Improper Payments Information Act of 2002 (IPIA) requires federal agencies to annually review programs and activities they administer, identify those that may be susceptible to significant improper payments, and submit a report on actions taken to reduce improper payments.

To comply with IPIA, the CCDF Error Rate Reporting final rule was revised to provide for reporting of error rates in the expenditure of CCDF grant funds. This final rule was published in the [Federal Register](#) on September 5, 2007, with an effective date of October 1, 2007.

The final rule clarifies that the following situations are *not* considered errors or improper payments:

- When a family’s circumstances change during the eligibility period, unless the family’s circumstances change so that they are no longer federally eligible ¹²³
₁₂₄
- When a child experiencing homelessness or in foster care is permitted to initially enroll, but is found to be ineligible once all documentation is submitted¹²⁵

States conduct the error rate review process and calculate an error rate once every 3 years on a rotational cycle. The [Data Collection Instructions](#) provide instructions for implementing the required error rate methodology for the CCDF and submitting the State Improper Payments Report. Technical assistance is available to states

Key Error Rate Reporting Dates to Remember

Key Dates	Action to be Taken
On or before October 31 of the calendar year before the ACF-404 report is due	Submit the Sampling Decisions, Assurances, and Fieldwork Preparation Plan (SDAP)
On or before December 31 of the calendar year before the ACF-404 report is due	Submit the Record Review Worksheet (ACF-403)
On or before June 30 of the reporting year	Submit the State Improper Payments Report (ACF-404)

¹²² Child Care and Development Fund, 45 C.F.R. § 98.100 (2016).

¹²³ Child Care and Development Fund, 45 C.F.R. § 98.100(d)(2) (2016).

¹²⁴ Child Care and Development Fund, 45 C.F.R. § 98.21(a) and (b) (2016).

¹²⁵ Child Care and Development Fund, 45 C.F.R. § 9851(a)(1)(ii). (2016).

Key Dates	Action to be Taken
Within 60 days of ACF-404 submission	If the state's error rate is at or above 10 percent, submit the Corrective Action Plan (ACF-405)

Additional Resources

The Office of Child Care's website on error rate reporting, [Program Integrity and Accountability: Improper Payments Error Rate Review Process](#), includes the Data Collection Instructions and required submission forms.

Accountability

Lead Agencies are expected to be good stewards of the federal funds they are allocated and to ensure the highest level of integrity in managing those funds. The Office of Child Care works with states to ensure that funds are maximized to benefit eligible children and families.

Strengthening Program Integrity

The CCDBG allows maximum flexibility for states to set critical policies. These may include establishing eligibility criteria, defining administrative structures that allow maximum choice for parents, and establishing fiscal management approaches.

The CCDF Plan addresses topics on internal controls to ensure integrity and accountability and that processes are in place to investigate and recover fraudulent payments and to impose sanctions on clients or providers in response to fraud. The Lead Agency is required to identify and recover misspent funds as a result of fraud, and it has the option to recover any misspent funds as a result of errors.

To promote accountability and program integrity, the Office of Child Care (OCC) has worked to emphasize transparency, public participation, coordination, and the importance of reducing improper payments and fraud. At the same time, OCC has encouraged states to consider the impacts of such efforts on eligible families seeking benefits. Efforts states use to improve program integrity include the following:

- ◆ **CCDF Plan and annual reporting:** Submission of the triennial CCDF Plan (ACF-118) includes reporting of Lead Agency actions to prevent, measure, reduce, and collect improper payments. Lead Agencies must have systems in place to document that CCDF funds have been spent in compliance with the law and the approved CCDF Plan. As noted in previous sections, Lead Agencies must submit quarterly ACF-696 Financial Reports indicating the status of expenditures and uses of funds. Lead Agencies also submit administrative data reports on the number of children served and the characteristics of services and recipients, including the number of child fatalities occurring among children while in the care and facilities of child care providers receiving assistance (ACF-801 and ACF-800).
- ◆ **Improper payments error rate review process:** Effective October 1, 2007, a [final rule](#) revised the CCDF regulations to require all states, Puerto Rico, and the District of Columbia to report on error rates in the expenditure of CCDF grant funds once every 3 years on a rotational cycle. OCC works with Lead Agencies to conduct triennial case record reviews to identify and reduce administrative errors in the CCDF program.
- ◆ In response to the Improper Payments Elimination and Reduction Act (July 2010), OCC has instituted a [Program Integrity Plan](#) that offers technical assistance and support to states to increase program accountability and reduce improper payments, fraud, waste, and abuse.
- ◆ **Self-assessment of internal controls:** OCC has created a [Self-Assessment of Internal Controls](#) tool to help states better analyze risk and strengthen internal controls to prevent improper payments. This assessment is not mandatory but does assist states in reviewing systems and identifying weaker areas within those systems.

- ◆ **Fiscal controls, program integrity, and accountability.** In establishing fiscal controls and processes to support program integrity and accountability, Lead Agencies should consider how these processes apply to the following:
 - Memoranda of understanding (MOUs) within the Lead Agency's various divisions that administer or carry out the various aspects of CCDF
 - MOUs, grants, or contracts to other state or territory agencies that administer or carry out various aspects of CCDF
 - Grants or contracts to other organizations that administer or carry out various aspects of CCDF, such as professional development and family engagement activities
 - Internal processes for conducting child care provider subsidy

As a reminder, the Lead Agency must ensure that all its staff members and any staff members in other agencies who administer the CCDF program through MOUs, grants, and contracts are informed and trained regarding program requirements and integrity.

- ◆ **Contracts.** As a means of administering all the components of CCDF, there may be times when the Lead Agency enters into contracts or agreements with other entities. In doing so, the final rule specifies that while the content of the written agreements may vary based on the role the agency is asked to assume or the type of project undertaken, agreements must, at a minimum, include the following:
 - Tasks to be performed
 - A schedule for completing tasks
 - A budget that itemizes categorical expenditures consistent with CCDF requirements at 45 C.F.R. § 98.65(h)
 - Indicators or measures to assess performance

Monitoring Program Compliance¹²⁶

The Office of Child Care (OCC) has a fundamental responsibility to be an effective steward of federal funds, including how they are used by CCDF grantees. OCC works cooperatively with the Office of Management and Budget (OMB), which leads the development of government-wide policy to ensure that grants are managed properly and that federal dollars are spent in accordance with applicable laws and regulations. OCC, in addition to being proactive in the provision of technical assistance for systems development and improvement for grantees, also works in conjunction with the Office of Grants Management to monitor program compliance through audits and recover funds misspent through violations with penalties and sanctions.

- ◆ **Audits:** Lead Agencies are required to have an audit conducted at the close of each program period in accordance with Office of Management and Budget Circular A-133 and CCDF regulations at 45 C.F.R. 98.65. They must report the findings to the Office of the Inspector General in the U.S. Department of Health and Human Services.
- ◆ **Penalties:** If a Lead Agency fails to substantially comply with the CCDBG Act, the CCDF regulations, and the CCDF Plan, the U.S. Department of Health and Human Services (HHS) may take a disallowance of the improperly expended funds or a deduction of an amount equal to or less than the improperly expended funds from the administrative portion of the state's allotment for the following fiscal year. (Funds misspent in the current fiscal year can be reallocated to allowable activities.)

¹²⁶ CCDBG Act of 2014 658I, 658K(b); Child Care and Development Fund, 45 C.F.R. §§ 98.90–98.92 (2016).

- ◆ **Sanctions:** In addition to the imposition of penalties, if a Lead Agency fails to substantially comply with the CCDBG Act, the CCDF regulations, and the CCDF Plan, HHS may impose sanctions to disqualify the Lead Agency from the receipt of further CCDF funding or an assessment of a penalty of no more than 4 percent of the Lead Agency's discretionary fund allotment for a fiscal year.

Waivers¹²⁷

The law allows the Administration for Children and Families (ACF) to waive provisions or penalties in the law based on a state's request identifying duplicative requirements preventing effective delivery of child care services, extraordinary circumstances, or the need for an extended period of time for a state legislature to enact legislation to implement the statute. The final rule delineates two types of waivers:

1. transitional and legislative waivers limited to a 1-year initial period with the option for a one-time 1-year renewal; and
2. waivers for extraordinary circumstances limited to a 2-year initial period with the option for a one-time, 1-year renewal.

Waivers are subject to approval by the Secretary of Health and Human Services. In order for a waiver to be considered, the state must demonstrate that the waiver will enhance the state's ability to carry out the purposes of the CCDBG Act and will not contribute to inconsistencies with objectives of the Act. ACF may terminate a waiver if it determines that the performance of the state has been inadequate or that the waiver is no longer necessary to achieve its original purposes.

Resources

- ◆ [Grantee Internal Controls Self-Assessment Instrument](#) (2018), by the National Center on Subsidy Innovation and Accountability.
- ◆ [Office of Management and Budget Circulars](#), Office of Management and Budget.
- ◆ [Code of Federal Regulations](#), U.S. Government Publishing Office.
- ◆ [Program Integrity, Financial Accountability, Access to Child Care](#) (2010), ACF, U.S. Department of Health and Human Services (HHS).

¹²⁷ CCDBG Act of 2014 6581(c); Child Care and Development Fund, 45 C.F.R. § 98.19 (2016).

Appendix A. Glossary and List of Acronyms

Glossary of Key Terms

Child Care and Development Block Grant (CCDBG): Created by the Omnibus Budget and Reconciliation Act of 1990. The CCDBG was reauthorized in 1996 under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Funding began in FY 1991 to provide states the opportunity to increase the availability, affordability, and quality of child care services. In November 2014, the Child Care and Development Block Grant Act of 2014 was enacted into law.

Child Care and Development Fund (CCDF): Consolidated entitlement and discretionary child care funding program created in 1996 as a result of the Personal Responsibility and Work Opportunity Reconciliation Act. CCDF consists of discretionary funds authorized by the Child Care and Development Block Grant Act and entitlement (or mandatory and matching) funds provided by the Social Security Act.

Note: CCDF is the regulatory term; this language is not directly found in the statutes.

Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193: Statutory provisions unified a fragmented child care subsidy system to form the Child Care and Development Fund, which replaced child care programs under title IV-A of the Social Security Act—Aid to Families with Dependent Children (AFDC), Child Care, Transitional Child Care, and At-Risk Child Care. The Act repealed AFDC, Job Opportunities and Basic Skills Training and Emergency Assistance, and created Temporary Assistance for Needy Families and Native Employment Works. This law also amended the Child Care and Development Block Grant Act to increase funding levels.

Temporary Assistance for Needy Families (TANF): A comprehensive welfare reform program with time-limited assistance that focuses on moving recipients into work. TANF assistance to families can include child care, and states and territories can transfer 30 percent of TANF funds to the child care program. Once TANF funds are transferred, requirements of CCDF must be met for any services supported by the transferred funds.

Abbreviations and Acronyms

ACF	Administration for Children and Families
ACYF	Administration on Children, Youth and Families
AFDC	Aid to Families with Dependent Children
AI/AN	American Indian and Alaska Native; may also be referred to as tribal
CACFP	Child and Adult Care Food Program
CAPTA	Child Abuse Prevention and Treatment Act
CBC	Criminal background check
CCDBG	Child Care and Development Block Grant
CCDF	Child Care and Development Fund
CCR&R	Child care resource and referral (often used in the context of CCR&R agencies)
C.F.R.	Code of Federal Regulations
ECTTAS	Early Childhood Training and Technical Assistance System
EHCY	Education for Homeless Children and Youth
ELDGs	Early learning and development guidelines
EPSDT	Early and Periodic Screening, Diagnosis, and Treatment
FFY and FY	Federal fiscal year and fiscal year
HHS	U.S. Department of Health and Human Services
HS	Head Start
IDEA	Individuals with Disabilities Education Act
IM	Information memorandum
IPIA	Improper Payments Information Act of 2002
I/T	Infant and toddler
JOBS	Job Opportunities and Basic Skills
LEA	Local educational agency

LIHEAP	Low-Income Home Energy Assistance Program
MRS	Market rate survey
MOE	Maintenance of effort
NAEYC	National Association for the Education of Young Children
NAFCC	National Association for Family Child Care
NARA	National Association for Regulatory Administration
NICCA	National Indian Child Care Association
OCC	Office of Child Care
OHS	Office of Head Start
OMB	Office of Management and Budget
PCQC	Provider Cost of Quality Calculator
PI	Program Instruction
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
QPR	Quality Progress Report
QRIS	Quality rating and improvement system
RO	Regional office (Office of Child Care)
RPM	Regional Program Manager
SAC	State Advisory Council
SCHIP	State Children’s Health Insurance Program
SDAP	Sampling Decisions, Assurances, and Fieldwork Preparation Plan
SNAP	Supplemental Nutrition Assistance Program
SMI	State median income
TA	Technical assistance
T&TA	Training and technical assistance
TANF	Temporary Assistance for Needy Families

U.S.C.	United States Code
WIC	Special Supplemental Nutrition Program for Women, Infants, and Children

Appendix B. Federal Contacts

Office of Child Care Contact Information

Office of Child Care
U.S. Department of Health and Human Services
Administration for Children and Families

Mary E. Switzer Building
330 C St. SW, 4th Floor
Washington, DC 20201

Phone: 202-401-4802
Fax: 202-401-5706

Regional Office Contacts⁴³

The regional offices oversee the programmatic and financial management of Administration for Children and Families (ACF) programs in each Region and provide guidance to grantees and various entities responsible for administering these programs. All regional offices represent ACF to state, county, city, and tribal governments; grantees; and public and private organizations in their Regions. There are 10 regional offices located in the U.S. Department of Health and Human Services (HHS) regional locations.

Within each office, the Office of Child Care (OCC) regional office teams work most directly with CCDF grantees in their respective Regions. Led by Regional Program Managers (RPMs) and supported by Program Specialists, the OCC regional offices coordinate with the OCC central office as needed, and support CCDF Lead Agencies in working through policy and program questions and in activities such as technical assistance planning and error rate reduction.

<p>Region I</p> <p>Shireen Riley Regional Program Manager OCC/ACF/HHS John F. Kennedy Federal Building 20th Floor, Suite 2025 15 New Sudbury Street Boston, MA 02203 Phone: 617-565-1152 Fax: 617-565-1578 Email: shireen.riley@acf.hhs.gov</p>	<p>Region VI</p> <p>Gwendolyn Jones Regional Program Manager OCC/ACF/HHS 1301 Young Street, Suite 914 Dallas, TX 75202 Phone: 214-767-3849 Fax: 214-767-8890 Email: gwendolyn.jones@acf.hhs.gov</p>
<p>Region II</p> <p>Shonda Laurel Regional Program Manager OCC/ACF/HHS Jacob K. Javits Federal Building 26 Federal Plaza, Room 4114 New York, NY 10278 Phone: Fax: 212-264-4881 Email: Shonda.laurel@acf.hhs.gov</p>	<p>Region VII</p> <p>Doris Hallford Regional Program Manager OCC/ACF/HHS Federal Office Building, Room 349 601 East 12th Street Kansas City, MO 64106 Phone: 816-426-2264 Fax: 816-426-2888 Email: doris.hallford@acf.hhs.gov</p>

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<p>Region V Gena Miller Regional Program Manager OCC/ACF/HHS 233 N. Michigan Avenue Fourth Floor, Suite 400 Chicago, IL 60601 Phone: 312-353-3270 Fax: 312-353-2629 Email: gena.miller@acf.hhs.gov</p>	<p>Region X Paul Noski Regional Program Manager OCC/ACF/HHS Columbia Tower, Suite 1510, MS 74 701 Fifth Avenue Seattle, WA 98104 Phone: 206-615-2609 Fax: 206-615-2574 Email: pauk.noski@acf.hhs.gov</p>

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The State Capacity Building Center (SCBC) works with state and territory leaders and their partners to create innovative early childhood systems and programs that improve results for children and families. The SCBC is funded by the U.S. Department of Health and Human Services, Administration for Children and Families, Office of Child Care.

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