



Proposed Amendment to CCDF Regulation

In July 2023, the Department of Health and Human Services, Administration for Children and Families (ACF) [announced a Notice of Proposed Rulemaking \(NPRM\)](#) with a 45-Day Comment Period to amend the Child Care and Development Fund (CCDF) regulations. The proposed rule clarifies key policies established in the Child Care and Development Block Grant Act of 2014 and builds on the guidance provided in the 2016 CCDF Final Rule. The proposed changes are designed to lower families' child care costs, improve child care provider payment rates and practices, and streamline eligibility and enrollment processes.

This resource provides a summary of the changes that states will be required or encouraged to implement under these rule changes if this rule is finalized. Policies may change between the NPRM and the final rule.

Who is impacted by the rule amendment?

ACF anticipates that if enacted, the changes made by this proposed rule [would benefit over 900,000 families and 1.5 million children](#) who use subsidy to pay for child care. Over 230,000 providers would benefit from the use of better payment practices that support financial stability and mirror the practices of private pay families.

Under the proposed rule, states would be required to:

- Cap family copayments at 7 percent of household income (this is the floor, not a ceiling).
- Post current information about copayment sliding fee scales on their consumer education sites, including waived copayment policies and estimated copayment amounts.
- Provide *some* services through grants and contracts as one of many strategies to increase the supply and quality of child care for infants and toddlers, children with disabilities, and nontraditional-hour care.
- Implement payment practices that are consistent with private-pay market, including paying prospectively and reimbursing based on enrollment instead of attendance.
- Implement eligibility policies that minimize disruptions to families and lessen the burden on CCDF administrative requirements on families, which *may* include best practices like using an online application, basing applications off the 2022 model application, and developing screening tools.

Under the proposed rule, states would be encouraged to:

- Waive copays for additional families up to 150% of the federal poverty level or children with disabilities. Tribal Lead Agencies would have the option of waiving co-payments for all participating families.
- Consider a child presumptively eligible for subsidy prior to full documentation and verification.
- Use a family's enrollment in or verification used for other public benefits program to verify eligibility for CCDF.



- Pay child care providers caring for subsidy children the state’s established subsidy rate to better account for the actual cost of care, even if that amount is greater than the price the provider charges parents who do not receive subsidy.

Other clarifying and technical changes

- Amends the definition of “major renovation” to be based on a cost, not a description of structural change, for better clarity. The thresholds in the proposed rule are \$250,000 for centers and \$25,000 for family child care programs. Renovations would need to happen concurrently or consecutively.
- Clarifies that the 12-month minimum eligibility applies when children are newly added to a family already participating in the subsidy program.
- Clarifies that child care providers are not able to make employment determinations based on some parts of the background check requirements (which some states have previously allowed). Moving forward, the Lead Agency must provide the final eligibility or ineligibility results of background checks to the child care provider, without revealing specific disqualifying information.
- Clarifies that monitoring and inspection reports that Lead Agencies must post on consumer education sites include areas of compliance/non-compliance and the total number of children in care by provider category and licensing status.

Effective date and implementation timeline

ACF expects all provisions included in the final rule to become effective 60 days from the date of publication of the final rule. Compliance with provisions in the final rule would be determined through ACF review and approval of state CCDF Plans, including any amendments; through Federal monitoring; and through ongoing Federal oversight.

In the NPRM, ACF indicates that implementing these changes would take time since some of these actions may require action by a state’s legislature or through administrative rulemaking. In 2024, states will develop their 2025-27 CCDF Plans, which can incorporate implementation of the final rule, if applicable.

Next steps

Written comments on this proposed rule must be received on or before **August 28, 2023**. You must submit comments, identified by docket number ACF-2023-0003 and/or RIN number 0970-AD02, to the [Federal Rulemaking Portal](#).

Complete this [form](#) to join Child Care Aware of America’s Advocate List and receive ongoing updates, resources, and opportunities to engage on the proposed rule regarding CCDF.

For more information, ACF has posted resources related to the NPRM, [found here](#).