# A Snapshot of State Responses in Draft CCDF Plans

Currently, states are finalizing their FY 2025-2027 Child Care and Development Fund (CCDF) Plans. Every three years when states undergo this planning process, they must provide the public with an opportunity to comment. This must happen before submitting a final version to the Administration for Children and Families (ACF) by July 1, 2024. As states release draft CCDF Plans ahead of their required public hearings, CCAoA has been monitoring how they respond to questions, especially those aligned to new policy requirements in the 2024 CCDF Final Rule.

For this analysis, we used our 2025-2027 CCDF Plan Public Hearing tracker to examine 49 draft CCDF Plans (representing 48 states and DC) that were made publicly available as of June 10, 2024. Our "first look" examination does not include responses for Nevada and Wyoming because their draft CCDF Plans were not yet available for review. States can update their responses in the CCDF Plans until they submit their plans, so this examination represents a snapshot in time.

## CCDF Plan Development Process

The Child Care and Development Block Grant Reauthorization (CCDBG) Act of 2014 requires all states and territories to submit a plan every three years—known as the Child Care and Development Fund (CCDF) Plan—that acts as the primary mechanism used to determine state compliance with federal law and rules and serves as a formal application to receive federal funding. States must submit their new 2025-2027 CCDF Plans to the Administration for Children and Families (ACF) by July 1, 2024.

During the CCDF Plan development process, states are required to hold at least one public hearing to enable the public to comment on the provisions of child care services under their CCDF Plan. Our analysis finds that 37 states and DC have held their CCDF Plan public hearings as of June 10, 2024. This leaves Alaska, Idaho, Indiana, Kentucky, Maryland, Mississippi, Nebraska, Nevada, New Hampshire, Ohio, Oklahoma, South Carolina, and Wyoming to hold their public hearings. Kentucky and New Hampshire have the latest scheduled hearings, both occurring on Thursday, June 27. Wyoming has not yet announced their CCDF Plan public hearing date.

Our initial examination finds that states are generally taking measures to make their CCDF Plan public hearing process more accessible. States are holding pre-hearing sessions or focus groups, hosting hybrid or virtual public hearings, providing translation services, and setting public hearing times outside of traditional business hours. Ten states held pre-hearing sessions or focus groups. Forty states and DC are holding virtual or hybrid public hearings. Eighteen states and DC are holding one or more hearings outside of traditional business hours, increasing the likelihood that busy parents and working child care educators could participate in the public hearing. New York provided opportunities for Spanish speaking individuals to have their testimony translated from Spanish to English. Massachusetts made their online written comment portal available in English, Spanish, Portuguese, Haitian Créole, and Simplified Chinese. Washington had a translator available during a portion of the hearing that was facilitated as a group discussion to ensure all participants could communicate within their group.

## CCDF Plan Development Process

The FY 2025-2027 CCDF Plan incorporates questions aligned to new requirements made in the 2024 CCDF Final Rule, which became effective on April 30, 2024. The final rule requires states to:

- Cap family copayments at 7% of household income for subsidy-eligible families. States are encouraged, but not required, to waive additional copayments including families with income up to 150% of the federal poverty level, children who are in foster and kinship care, those experiencing homelessness, those with a child with a disability and those enrolled in Head Start or Early Head Start.
- Post current information about copayment sliding fee scales on their consumer education sites, including waived copayment policies and estimated copayment amounts.
- Implement payment practices that are consistent with the private-pay market, including paying prospectively and reimbursing based on enrollment instead of attendance.
- Provide some services through grants and contracts to help increase the supply and quality of child care for children in underserved areas, infants and toddlers and children with disabilities.
- Implement subsidy eligibility policies and procedures that minimize disruptions to families and lessen the burden of CCDF administrative requirements on families. States are encouraged (though not required) to offer online subsidy applications, consider a child presumptively eligible for subsidy prior to full documentation, and use a family's enrollment in other public benefits program to confirm subsidy eligibility.

Many states are indicating in their plans that they have policies that are aligned with the 2024 CCDF Final Rule.

| 2025-2027 CCDF Plan Key Questions | State Draft Responses |
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| 2.1.1(a) asks which policies states will implement to reduce barriers to enrollment for families, including establishing presumptive eligibility, leveraging eligibility from other public assistance programs, and coordinating eligibility determinations for children in the same household, among other strategies. | • Presumptive eligibility: 22 states indicate they are currently or planning to implement this policy: AK, AR, AZ, CO, DE, HI, LA, MA, MD, MI, MN, MO, MT, NE, NH, NY, OK, OR, PA, SC, UT, and WA<br><br>• Leveraging eligibility from other public assistance programs: 30 states and DC indicate they are currently or planning to implement this policy: AR, AZ, CO, CT, DC, FL, ID, KS, KY, LA, MA, MI, MN, MO, MT, NE, NJ, NY, NC, ND, OR, PA, RI, SC, SD, TN, TX, UT, VT, WA, and WV<br><br>• Coordinating eligibility determinations for children in the same household: 29 states and DC indicate they are currently implementing or planning to implement this policy: AR, DE, DC, FL, GA, ID, IL, IN, KS, LA, ME, MA, MI, MS, MO, NE, NJ, NM, NY, NC, ND, OR, SC, TN, TX, UT, VT, VA, WA, and WV |

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| 2.1.1(b) asks states to indicate if they use an online subsidy application. | • 36 states and DC indicate that they have an online application: AL, AR, CO, CT, DE, DC, FL, GA, HI, IN, IA, KS, KY, LA, MD, MN, MS, MI, MT, NE, NH, NM, NY, ND, OH, OK, OR, RI, SC, SD, TN, TX, UT, VT, VA, WV, and WI |
| 3.1.1 clarifies that states may not charge any family a copayment of more than 7% and asks a follow-up prompt on the maximum family copayment charged. | • 30 states and DC indicate their maximum copayment is at or below 7%: AL, AR, AZ, DE, DC, GA, IL, IA, KS, LA, MD, MI, MS, MO, NE, NH, NJ, NM, ND, OK, OR, PA, RI, SC, SD, TN, TX, UT, VA, WA, and WV |
| 4.4.1(a) asks if the state pays all providers prospectively. | • 6 states indicate they pay all providers prospectively: HI, KS, MD, ND, UT, and WI |
| 4.4.1(b) asks if the state pays all providers based on authorized enrollment. If not, the state must include data demonstrating these are not generally accepted payment practices for each provider type and must describe the payment practices in place to ensure timely payments and how they account for fixed costs. | • 21 states and DC indicate they pay all providers by authorized enrollment and payment is not altered based on a child's attendance or the number of absences a child has: AL, CA, DC, HI, IN, KS, KY, LA, MA, MD, MS, MO, NH, NJ, NM, ND, SC, TN, TX, UT, WV, and WI |
| 4.1.1 (c) asks if the state offers child care assistance through grants or contracts. | • 23 states and DC indicate they offer grants and contracts: AL, AR, CA, CO, DE, DC, FL, IL, IN, IA, KS, LA, MA, MD, MO, NJ, NY, NC, OH, OR, PA, SD, TX, and UT |

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| 4.5.1 (i) asks states to identify the populations served through grants and contracts, including, but not limited to, children with disabilities, infants and toddlers, and children in underserved geographic areas. If they are not providing services through grants or contracts, states must describe their plans to do so. | • Children with disabilities: AL, AR, DE, FL, IL, KS, MA, NY, and SC make grants and contracts available for this population<br><br>• Infants and toddlers: AR, DE, FL, IL, KS, LA, MA, MO, NJ, NY, OR, PA, and TX make grants and contracts available for this population<br><br>• Underserved geographic areas: AR, FL, IL, KS, LA, MA, NJ, NY, OR, and TX make grants and contracts available for this population |
| 9.2.8 asks states to certify that their consumer education website includes the sliding fee scale for copayments, including policies related to waiving copayments and estimated copayment amounts for families. | • 39 states and DC certify that their consumer education website includes this information: AL, AK, AZ, AK, CO, CT, DE, DC, GA, ID, IL, IN, IA, KS, KY, ME, MA, MD, MS, MO, MT, NE, NH, NJ, NM, NY, ND, OH, OK, OR, RI, SC, SD, TN, TX, UT, VT, VA, WV, and WI |

## Presumptive Eligibility

Presumptive eligibility is a policy that allows families to receive temporary child care assistance while their eligibility for subsidy is being determined. During this time, families are allowed to submit outstanding documents while getting access to care. Of the states who indicated they've established a presumptive eligibility policy in their draft CCDF Plan, most are limiting those policies to families experiencing homelessness, and in some cases, for children in foster care. Oklahoma, South Carolina, and Washington allow presumptive eligibility for families with new employment situations. Missouri indicates that it will form a stakeholder group to discuss and provide recommendations for establishing presumptive eligibility. There are a few states who indicate they are extending presumptive eligibility to all families, including:

- Arkansas allows for subsidy to be provided for all applicants who submit an incomplete application for up to 90 days.
- Colorado allows for the option to provide services prior to the final eligibility determination, up to 30 days.
- Delaware allows a family to be determined eligible before providing all required documentation. Families may be authorized for up to three months of child care.
- Maryland began statewide implementation of presumptive eligibility (called Fast-Track) in July 2023, which processes temporary eligibility for 60 days.
- Montana has a 30-calendar day presumptive eligibility period when a family turns in the first five pages of the application, has a completed authorization to release information form, and an identified child care provider sufficient to set up the authorization of services.

## Copayments

The CCDBG Act requires that the copayment amount not be a barrier to families participating in the subsidy system. In 2016, the Department of Health and Human Services established [7% as a benchmark] for an affordable copayments based on data from the U.S. Census Bureau that showed, on average, families spent 7% of income on child care, but that low-income families spent approximately four times the share of their income on child care compared to higher income families. While 29 states and DC have indicated their maximum family copayment is at or below 7%, there are 16 states who have included in their draft CCDF Plans that the maximum copayment exceeds this threshold, which ranges from 8% (Montana) to 27% (Ohio) of a family's household income.

The following states have indicated that their maximum copayments exceed 7% of a family's household income:

| State | Maximum % that could be charged as copayment | Additional Information Provided by Lead Agency |
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| ID | N/A | At this time, co-payments in Idaho are a flat rate assessed per child based on household size, household income, and qualifying activity hours. While Idaho looks forward to updating our copayment calculations there is not currently a maximum percentage of a family's gross income. |
| MT | 8% | Eight percent (8%) |
| AK | 9% | The maximum a family currently pays is 9% of their gross monthly income. |
| HI | 9% | The maximum percent of a family's gross income is 9%. The Department of Human Services is in the process of amending the Hawaii Administrative Rules (HAR) Chapter 17-798.3, Child Care Payments, for copayments at 7% of a family's gross income. The amendment package for Subsidy Rules is currently with the Attorney General for review. The eligibility chart in HAR, Chapter 17-798.3-9(b)(1) lists dollar amounts. The amendments will include language to refer to the most recent data rather than having actual dollar amounts. |
| CO | 10% | Currently, copays (parent fees) are capped at 10% of a family's income. Colorado will be adjusting our parent fee formula to ensure that the fee does not exceed 7% of the family's income by April 1, 2026. |
| CT | 10% | A family could be charged a maximum of 10% as a copayment based on household size and income. |

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| FL | 10% | Currently, DEL requires co-pays to be no more than 10% of a family's income. The DEL is working to establish co-payment policies for families receiving CCDF assistance to be no more than 7% of family income to help ensure family co-payments are not a barrier to accessing child care. |
| ME | 10% | The Lead Agency intends to file for a waiver to implement 7% by FFY 2026. |
| NC | 10% | |
| MA | 11.9% | The most that any family can be charged for a copayment as a percentage of their income is 11.9%. This figure is based on a family of two that has recertified with a maximum income of $7,008 per month. |
| WI | 12% | The current Wisconsin State Statues allow the Lead Agency to charge a family a maximum of 31% of their family income. Beginning 7/1/2024, the Lead Agency will only be allowed to charge a family a maximum amount of 12% of their family income. Further efforts to reduce a family's copay to no more than 7% of their gross income is being explored and will require statutory changes |
| VT | 12.40% | |
| MN | 14% | The maximum percent of a family's gross income paid by families is 14 percent at the exit income range at redetermination, which is 67 percent SMI. The percent paid reduces to 11 percent, during the 12-month eligibility period, for families with income above 67 percent SMI and below 85 percent SMI. |
| KY | 15% | Fifteen (15) percent. Citation: CCAP Policy Manual Volume VIII (MS 5015) |
| IN | 26% | |
| OH | 27% | The family copayment is calculated on a sliding fee scale. Families below 100 percent of the federal poverty level (FPL) have no copayment. Families between 101 percent to 200 percent increase from 7 percent of their income to 8.75 percent of their income. |

## Paying Providers Prospectively

Retrospective payments can be a financial barrier preventing providers from accepting subsidy-eligible families. Paying prospectively, or in advance of or at the beginning of the delivery of child care services, is a generally accepted payment practice in the private market that helps providers better predict their cash flow and provides better overall program stability. An August 2023 survey of child care providers found 73% said they would be more likely to serve families using subsidies if their state paid prospectively.

Currently, Hawaii, Kansas, Maryland, North Dakota, Utah, and Wisconsin indicate in their draft CCDF Plans that they pay providers prospectively. Hawaii, Kansas, and Wisconsin make subsidy assistance available to the family at the beginning of the month, who then can transfer payments to their provider. Maryland implemented advanced payments effective January 2023 that projects the amount owed to the provider for the month and divides the monthly total into two payments.

While they did not indicate they currently pay prospectively, Texas indicates it will pay all regulated providers prospectively beginning July 1, 2024. Montana indicates it will implement a new database in 2025 with plans to incorporate prospective payment functionality.

Multiple states explicitly indicate they will request a temporary waiver for this provision, including Alabama, Arizona, Connecticut, Illinois, Iowa, Louisiana, Maine, Nebraska, New Hampshire, Ohio, Oklahoma, Rhode Island, South Carolina, Vermont, Virginia, and West Virginia.

## Paying Based on Authorized Enrollment

During the pandemic, many states began to reimburse subsidy payments to providers by their enrollment, rather than attendance. This shift creates greater financial predictability and stability for providers, as short-term attendance fluctuations no longer impact their financial stability and cash flow. CCAoA and New America found in an analysis that paying based on enrollment showed a stabilizing effect for providers in Massachusetts and southern California during the first year of the pandemic. Both states have extended the policy since 2020. In an August 2023 survey, 80% of child care center directors and/or administrators and family child care owners said they would be more likely to serve families using subsidies if the state paid based on enrollment not attendance.

In their draft CCDF Plans, 21 states and DC indicate they pay all providers by authorized enrollment and payment is not altered on a child's attendance or the number of absences a child has. DC indicates that it will not adjust provider payments for days when children are absent starting on October 1, 2024. Missouri expects to implement this policy no later than October 1, 2024, but that it is subject to appropriation. Colorado pays all licensed providers for authorized enrollment, but this is limited to children up to 36 months.

Other states indicate that they are in progress of moving toward enrollment-based reimbursements, but first need to make technology systems updates. Arkansas shares that work is currently being done to replace the existing technology system within the year so the state can pay both based on enrollment and prospectively, but that it will not be completed by October 2024. Oregon shares that while it moved toward an enrollment-based payment in January 2023, there are limitations to its current system that do not allow for full implementation and providers still need to bill monthly, and that it is an area the state is working to resolve through the development of a new provider management platform. Maine is currently building a new data management system to meet this requirement, with an estimated launch date for 2026. Iowa indicates its current technology system that handles provider payments does not have the capability to pay based on enrollment and that it is exploring new technology solutions to meet this requirement.

Some states describe this is not a practicable policy or generally accepted practice for all child care settings or types. Alaska, Connecticut, Florida, Georgia, Illinois, Idaho, Minnesota, New York, North Carolina, Pennsylvania, Vermont, and Washington describe alternative approaches they will use to delink provider payments from occasional absences. Many of these include allowing for more generous absence policies. For example, Illinois pays provider or 100% of the child's eligible days if they attended at least 70% of those days. New York allows for up to 80 absence days per child care provider per state fiscal year. CCAoA will monitor the CCDF plans after ACF review and approves them to understand if these types of absence policies are sufficient to meet the requirements of the 2024 CCDF Final Rule.

Arizona, Iowa, Nebraska, Ohio, Oklahoma, Rhode Island, and Virginia explicitly indicate they are seeking waivers to this provision.

## Grants and Contracts

A contract or grant enables states to contract with a provider to designate slots, for a specific period of time, for subsidy-eligible children. Contracts and grants can help build the supply of care and support parent choice. There are 23 states and DC that indicate they offer grants and contracts for at least one of the required categories (children with disabilities, infants and toddlers, and children in underserved geographic areas) under the 2024 CCDF Final Rule. While Maryland checks off that it offers child care assistance through grants and contracts in 4.1.1(c), it notes in 4.5.1 that it will develop a grant or contract program but does not currently implement this. While North Carolina does not indicate which subpopulations it will serve with grants or contracts, it includes that the state is piloting a tri-share model across multiple counties as its response to how it provides direct child care services through grants or contracts statewide.

Three states— Colorado, New York, and Texas— allow the availability of contracts or grants to be made locally. In Colorado, only three counties have opted to offer contracts. In Texas, no contracts are currently being used locally (though Texas notes that one local contract for 50 infant and toddler slots ended in February 2024). As of August 2023, there are 22 counties in New York, including New York City, who are using contracts to provide direct services, but the state is unsure how many slots are made available in each county.

Arizona, Idaho, Mississippi, Nebraska, New Hampshire, Ohio, Oklahoma, Rhode Island, Tennessee, Utah, Vermont, and Virginia explicitly indicate they will request temporary waivers on this requirement. While they don't explicitly state they are applying for a waiver, Maine and Minnesota both share that they plan to implement grants and contracts for these subpopulations by 2026.

## Consumer Education Website

In the draft CCDF Plans, 39 states and DC have certified that their consumer education website includes the sliding fee scale for copayments, including policies related to waiving copayments and estimated copayment amounts for families. Florida, Hawaii, Minnesota, and North Carolina are unable to certify that their consumer education websites include this information. Texas indicates it will request a waiver for this new requirement and that a new updated sliding fee scale will be posted by fall 2024.

## Conclusion

Overall, most states are on track to submit 2025-27 CCDF Plans that include public input and show compliance with federal policies (including the new requirements under the 2024 CCDF Rule). But gaps remain. As of June 10, 2024, CCAoA observed many incomplete fields in some draft CCDF Plans ahead of the public hearings and several states did not adequately explain their compliance with required federal policies. Once the final CCDF Plans are submitted, we look forward to examining and understanding where states stand.