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MAY 19-22

State Child Care Policy

From Child Care *Aware* to Child Care *Strong*



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Speakers



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Agenda

- 1 State Policy Landscape
- 2 2024 CCDF Final Rule
- 3 State of Play
- 4 What's on the Horizon?
- 5 Activity & Discussion

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State Policy Landscape



Bright Spots

- Red, blue, & purple states all making ECE investments
- Healthy fiscal outlook across states
- Research demonstrates how ARPA stabilization grants have helped build supply
- States using other ARPA streams for child care
- Successful advocacy
- Strong voter support for increased federal funding to states

Newest Polling Results (FFYF)

- A vast majority of voters want candidates to have a plan around child care, including 89% of all voters; 80% of Republicans; 88% of Independents, 99% of Democrats.
- Voters say affordable child care is “essential/very important” to the economy: 68% all voters; 53% Republicans; 64% Independents; 84% Democrats
- Voters strongly support increased federal funding to the states so they can expand child care programs and options, including: 75% of Trump voters and 94% of Biden voters.

Supply & Price

- From 2022 to 2023, there was a very small increase in the number of child care centers of 1.3% and a very small decrease of 1% in the number of family child care homes
 - The number of child care centers rebounded to pre-pandemic levels in 2022 but did not grow additionally in 2023
 - The decrease in FCC homes in 2023 follows the downward trend seen in recent years
- The national annual average price of child care in 2023 was \$11,582, an increase of 3.7% over 2022
 - In 45 states and DC, the average annual price of child care for two children in a center exceeded annual mortgage payments from 1% to 64%.

Policy Trends

2023-2024 state legislative trends:

- Child care provider eligibility for subsidy
- Paying based on enrollment and prospectively
- Tri-share financing model
- Stabilization grants/wage support/continual stipends
- Moving away from MRS and paying rates based on true costs of care
- Increased subsidy eligibility
- Lowering family copayments
- Changes to Lead Agency governance
- Child support compliance

What bright spots or policy trends are happening in your state?



ECE Policy Across the U.S., 2020 - Present

Updated 16 May 2024 | Child Care Aware® of America with support from The Alliance for Early Success



Filters

ECE ballot measures 2023

No selection Yes No

ECE ballot measures 2024 (In progre...

No selection Yes Not yet

States expanding subsidy eligibility

No selection Yes No

States funding workforce supports

No selection Yes No

States limiting copayments to 7%

No selection Yes No

States funding FCC policies

No selection Yes No

States reimbursing on enrollment

No selection Yes No



Total Federal Relief

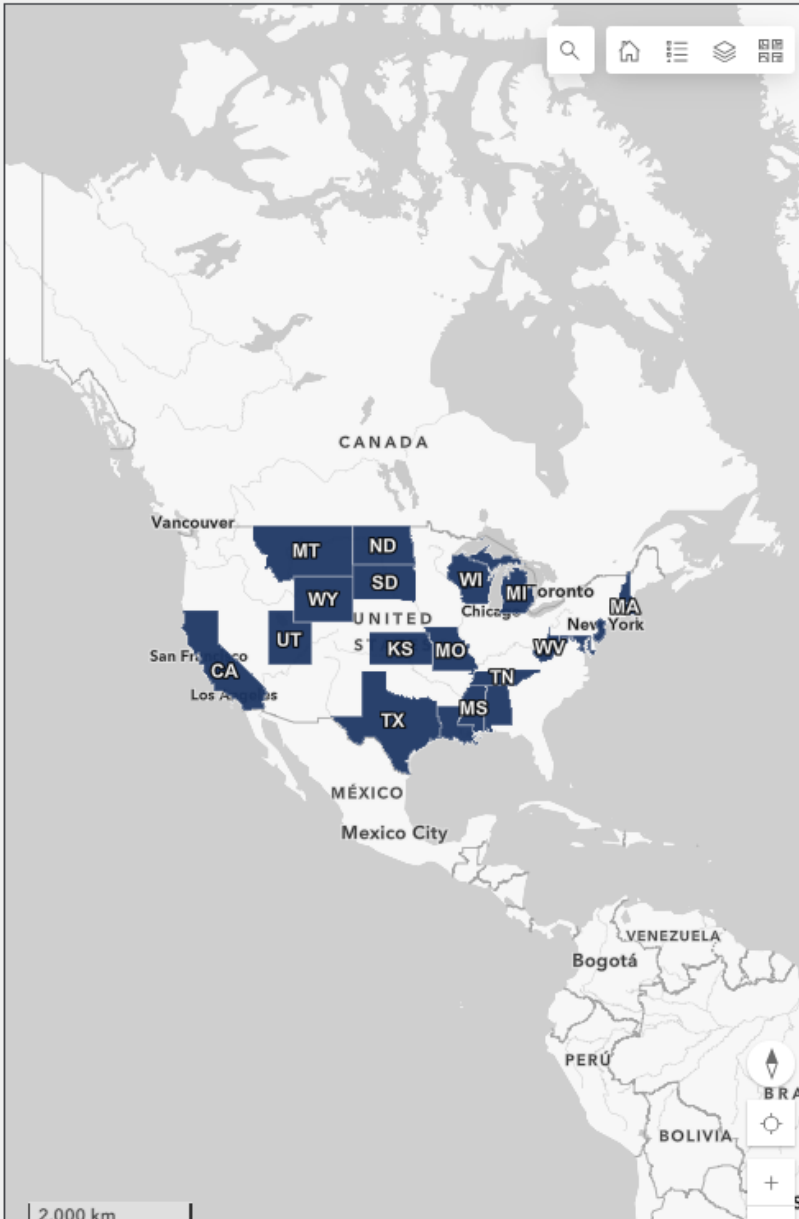
\$63,972,580 - \$5,931,715,584



63972...



59317...



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Number of states

20

meeting selected criteria

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2024 CCDF Final Rule



#CCAOASYMPOSIUM24



Timeline of Rulemaking



States are **REQUIRED** to:

- Cap family copayments at 7% of household income
- Post current information about copayment sliding fee scales on their consumer education sites
- Implement payment practices that are consistent with the private-pay market, including paying prospectively and based on enrollment
- Provide *some* services through grants and contracts for:
 - children in underserved areas
 - infants and toddlers
 - children with disabilities
- Implement eligibility policies that minimize disruptions to families and lessen the burden on CCDF administrative requirements on families (*states encouraged* to offer online subsidy applications)

States are **ENCOURAGED** to:

- Waive copays for additional populations, including:
 - Families with income up to 150% FPL
 - Children in foster and kinship care
 - Families experiencing homelessness
 - Families with a child with a disability
 - Children enrolled in Head Start/Early Head Start
- 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 programs to confirm eligibility for CCDF
- Pay providers caring for children receiving subsidy the state's established subsidy rate to better account for the actual cost of care

Other Clarifying & Technical Changes

- Amends the definition of “major renovation” to be based on a cost, not a description of structural change, for clarity
- Clarifies that the 12-month minimum eligibility applies when children are newly added to a family already participating in the subsidy program, encourages states to align eligibility periods to the new child’s eligibility period
- Clarifies that the responsibility for eligibility determinations based on the results of the criminal background check rests with the *Lead Agencies*, not the child care provider
- Clarifies that states must post full monitoring and inspection reports on their consumer education websites and include the total number of children in care each year, disaggregated by the type of child care provider
- Clarifies that states will need to demonstrate in their CCDF State Plan that the total payment to a provider is not impacted by the reduction in family copayments

CCDF Plan Questions Aligned to the Final Rule



CCDF Plan Questions

Aligned with Policies **REQUIRED** in Final Rule

- 2.1.1 and 2.1.2 asks if the state has implemented subsidy eligibility policies and procedures that minimize disruptions to families
- 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
- 4.4.1 asks if the state pays all providers prospectively and based on authorized enrollment. If not, the state must include data demonstrating these are not generally accepted payment practices and describe what they're doing to ensure timely payments and how they account for fixed costs
- 4.5.1 asks what populations are 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
- 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

CCDF Plan Questions

Aligned with Policies **ENCOURAGED** in Final Rule

- **2.1.1a** asks if the state implements any eligibility practices to reduce barriers at the time of the initial eligibility determination for enrollment
- **2.1.1b** asks if the state uses an online subsidy application
- **3.3.1** asks if the state waives copays for additional populations including, but not limited to:
 - Families with an income below 150% of the Federal Poverty Level
 - Families experiencing homelessness
 - Families with children with disabilities
 - Families enrolled in foster care or kinship care, or otherwise receiving or needing to receive protective services
- **4.3.3** asks if states pay providers for children receiving subsidy the state's established subsidy rate to better account for the actual cost of care, even if the state's established rate is greater than the price the provider charges families who do not receive subsidy

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State of Play

Where are states with meeting the policies included in the 2024 CCDF Final Rule?



State of Play: Required Policies in 2024 CCDF Final Rule

Required Policy	Current State Implementation
Cap family copayments at 7%	<p>As of May 2024, at least 34 states are currently implementing this or have announced plans to in 2024: <i>AR, AZ, CA, DE, GA, ID, IL, IN, KS, LA, MD, MI, MO, MS, NE, ND, NH, NJ, NM, NV, NY, OK, OR, PA, RI, SC, SD, TN, TX*, UT, VA, VT, WA, and WV</i></p> <p><i>Almost there: ME intends to implement 7% by 2026. MT is currently at 8%</i></p>
Prospective payments	<p>As of May 2024, at least six states are currently implementing this policy or have announced plans to in 2024: <i>KS, MD, ND, TX, UT, and WI</i></p>
Payments based on enrollment	<p>As of May 2024, at least 20 states are currently implementing this or have announced plans to in 2024: <i>AL, CA, *KS, LA, MA, MD, MI, *MO, MS, MT, NH, NJ, *ND, SD, TN, TX, UT, WV, *WI, and WY</i></p> <p><i>* policy only funded for limited time</i></p>
Grants and contracts	<p>As of FY 2020, only 8 states report using any grants and contracts for direct services: <i>CA, GA, IN, MA, MS, NV, NY and SD.</i></p> <p>2025-2027 CCDF State Plans: <i>AL, AR, IL, KS, LA, MA, MO, NY, NC, OR, PA, SD, and TX</i> have indicated they are implementing/have plans in place to use grants and contracts for at least one category</p>

State of Play: Encouraged Policies in 2024 CCDF Final Rule

While not required of states by August 2026, states should keep in mind and make progress toward adopting the “encouraged” policies in the 2024 CCDF Final Rule too.

- As of 2022-2024 CCDF Plans:
 - 33 states offered an online subsidy application
 - 28 states waiving copays for children in foster care
 - 16 states waiving copays for families experiencing homelessness
 - 7 states waiving copays for children enrolled in HS/EHS
 - 4 states and one locality had a presumptive eligibility policy: DE, MD, MT, and WY and Monroe County, NY

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What's on the Horizon?



Over the Coming Months:

2025-2027 CCDF Plans

- Public hearings happening now, represent an opportunity for advocacy around the 2024 CCDF Final Rule
- CCDF Plans due July 1, 2024

Waivers

- Through November 30, 2024, states may request a waiver related to specific provisions mandated by the 2024 CCDF Final Rule
- Requests must sufficiently describe the state legislative action steps, rulemaking process, and/or tech systems change requirements that prevent current implementation
- All waivers will expire August 1, 2026, unless the state requests an earlier date

ARPA CCDF Funding

- Must be spent by states September 30, 2024

State Legislatures

- A total of 5,793 state legislative seats across 44 states are up for elections this fall (78% of all seats!)
- All states in session January 2025, many will create a new state budget

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Group Activity



Aware

We know what needs to be implemented, but we have a lot of work to do to get there.

Our state has indicated hesitancy and/or concerns with being able to implement many of these.

Thanks for the info, we have no idea what our state is going to do just yet.

Progress

Our state is making headway. We've implemented one or two of these and are in discussion with our state to plan out when the remaining policies will be implemented.

Our state is applying for a waiver and we are planning educational efforts with policymakers to make necessary law/regulation changes.

Strong

We are well on our way to implementing the required policies!

Our state still needs to adopt the "encouraged" policies.

Our state agency has already indicated a plan for adopting these measures. We'll be monitoring, but our state knows what it has to do and by when.

Small Group Discussion

Aware:

- What are the biggest challenges you anticipate for your state in implementing these policies?
- Do you have any policymakers who have opposed any of these changes?
- Who needs to make these changes in your state: legislature? Just Lead Agency?

Small Group Discussion

Progress:

- Have you had any discussions with policymakers about implementing or continuing any of these policies?
- How do you plan to promote these changes and educate policymakers?
- How are you uplifting these changes in your CCDF?
- Which requirements will your state need a waiver for?

Small Group Discussion

Strong:

- What successes has your state had around these policies?
- Do you have policymakers who have already championed any of these changes?

CCAoA Resources



2025-2027
CCDF Plan



2024 CCDF
Final Rule



State Policy
Dashboard

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Thank You

Please fill out our survey.

