



# Changes Ahead

Unpacking the Federal  
Government's Proposed Regulation

***Building  
Well-Being  
& Connections***

For The Child Care Community



# Speakers



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# Agenda

- 1 Review
- 2 Discuss – *Audience Question and Answer*
- 3 Plan

**Big picture:  
There are changes to  
CCDF coming this Spring.**



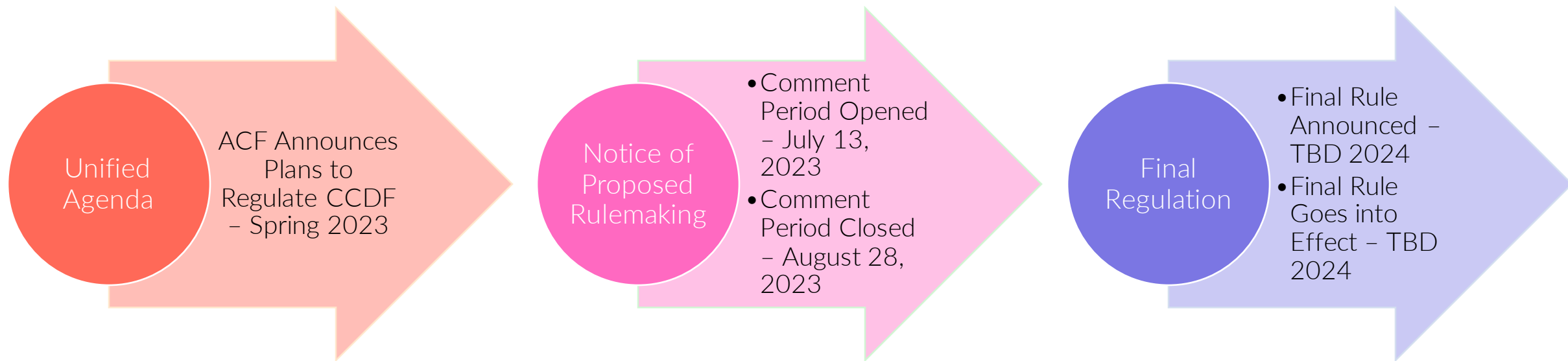


# Reviewing the Proposed CCDF Rule

# Overview

- 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.
- This is the first time these regulations have been amended since the 2016 CCDF Final Rule.

# Timeline



# What Was Proposed?

- Lower family costs for child care
- Increase child care options for families
- Strengthen payment practices to providers
- Make program enrollment easier and faster for families



# States Would be Required to...

Cap family copayments at 7 percent of household income.

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 of CCDF administrative requirements on families, which *may* include using an online application and other best practices.

# 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.

# Clarifying and Technical Changes...

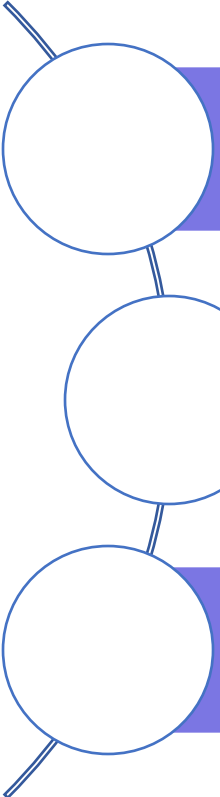
Amends the definition of “major renovation” to be based on a cost, not a description of structural change, for better clarity. The thresholds in the proposed rule are \$250,000 for centers and \$25,000 for family child care programs.

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. The Lead Agency must provide the final eligibility 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.

# Who Would Be Impacted?

- 
- Over 900,000 families and 1.5 million children who use subsidy to pay for child care.
  - Over 230,000 child care providers who would see better payment practices.
  - All States, Tribes, and Territories who receive CCDBG funding.



# CCAoA's Response to the Proposed Rule

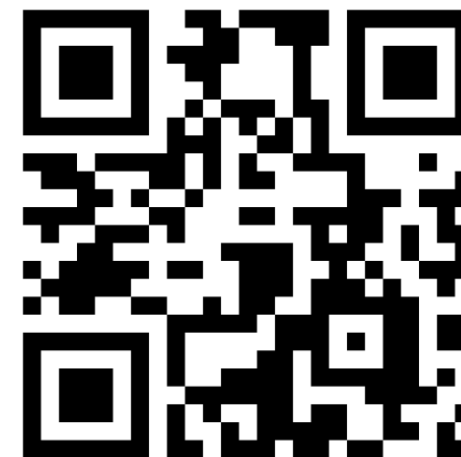
# CCAoA's Process

- Engaged stakeholders -
  - Hosted webinar on August 9th to provide more info on the rule and gather initial feedback from CCR&Rs
  - Provided survey for CCR&Rs to weigh in with more detail on specific provisions of the NPRM
  - Convened a discussion with small group of state administrators
  - Met regularly and worked closely with national partners
- Comment strategy -
  - Get the rule right
    - Was this the right policy and was it justified under CCDBG?
    - How would states implement this policy?



# Results

- Comment letter from CCAoA
  - 22 CCR&Rs signed on
    - CCR&Rs could also use as a template to submit their own comments
- Digital Action Center to submit comments
  - 76 parents submitted comments
  - 468 providers submitted comments
  - 79 other advocates submitted comments



CCAoA Comment Letter

# CCAoA Response

Cap family copayments at 7 percent of household income.

CCAoA supports this proposed change and recommends:

- ACF provide clear guidance to states on how they can meet the requirement, including allowing for a phased-in approach on a reasonable timeframe.
- ACF continue to monitor state rate-setting practices and enforce compliance with federal law.
- ACF require states to certify in their FY 2025-27 CCDF state plan that they will cover the cost to lower co-pays and not push it onto providers.

# CCAoA Response

Implement payment practices that are consistent with private-pay market, including paying prospectively and reimbursing based on enrollment instead of attendance.

CCAoA:

- Supports the proposed change to pay providers based on enrollment not attendance.
- Recommends that ACF allow for alternatives to paying prospectively that still meet the intent of the rule. For example, states could improve payment times and streamline existing payment processes.

# CCAoA Response

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.

CCAoA supports this proposed change and recommends:

- ACF include additional language that clarifies that using grants and contracts would not be restricted to just securing slots, but could also be used for supply-building, increased compensation and benefits, covering fixed costs, and other needs.
- ACF provide dedicated support and TA so that states can receive support to overcome challenges with grants and contracts.

Now that every state has deployed grants (with federal relief funding) we have evidence that this can be an effective strategy and should allow for these programs to continue.

# Overall

## Funding

- States are already making progress on many of the proposed changes, but many are using relief funding to do so.
- CCAoA concurs with the NPRM's finding that absent additional funding states may have to make difficult tradeoffs to comply.

## Implementation

- CCAoA recommends that clear and reasonable timelines be established in the final rule for all provisions, including clarifying whether current CCDF plan amendments are needed and how states can use the FY 2025-27 state plan to address implementation.

## Flexibility

- CCAoA recommends that ACF provide further guidance on flexibilities and how states can demonstrate progress towards meeting the intent of the rule's provisions.



# Audience Q&A





# Make a Plan

Steps to get ahead of a final rule and set your state up for success.

# What to Expect


- Final regulation will be published in Spring 2024.
- Some provisions will change from the proposed rule to the final rule.
- We anticipate that ACF will provide details about the implementation timeline in the final rule. ACF may look to the FY 2025-27 CCDF State Plans to learn about and enforce implementation steps from state agencies.
- States may have to seek waivers if they are out of compliance with certain new requirements.



# Now is the Time to Strategize

- Who would make the needed changes in your state – just the Lead Agency or also the Legislature?
- Do you have policymakers who have already championed, or opposed, any of these changes?
- How much funding will be required to support the changes?

# Required Changes - Checklist




Cap family copayments at 7 percent of household income

- Where does my state stand? What does our sliding scale look like, are any families paying more than 7%




Provide *some* services through grants and contracts.

- Doe the state currently provide grants and contracts?
- What types of providers receive these?
- What types of care is bolstered (NTH, infant)?



Implement payment practices that are consistent with private-pay market.

- Could we pay prospectively? Could we pay more frequently?
- Do we pay based on enrollment instead of attendance?



Post current information about copayment sliding fee scales on their consumer education sites, including waived copayment policies and estimated copayment amounts.

- What is already available online?
- Is it easy for families to understand?



Implement eligibility policies that minimize disruptions to families and lessen the burden of CCDF administrative requirements on families, which *may* include using an online application and other best practices.

- Does our state have an online application? Has it been updated to reflect the model application from ACF?

# Additional Resources

- From the Office of Child Care - <https://bit.ly/OCCNPRMResources>
- From CCAoA - <https://www.childcareaware.org/new-proposed-changes-to-child-care/>

Stay Tuned!



*Thank you*

#CCAOALEADERSHIP23

