

# ACF

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for Children  
and Families

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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## INFORMATION MEMORANDUM

**To:** State, Territorial and Tribal Lead Agencies administering child care programs under the Child Care and Development Block Grant (CCDBG) Act of 1990, as amended, and other interested parties.

**Subject:** Flexibility in the Child Care and Development Fund (CCDF) Program

**References:** The CCDBG Act (42 U.S.C. 9858 et seq.); section 418 of the Social Security Act; 45 CFR Parts 98 and 99; 63 FR 39936-39998; P.L.111-5.

**Purpose:** To provide guidance on flexibility within the CCDF program and use of supplemental CCDF Discretionary funds provided by the American Recovery and Reinvestment Act of 2009 (ARRA)(Public Law 111-5).

**Background:** CCDF offers tremendous flexibility to Lead Agencies to develop innovative strategies to meet the child care needs of families. In FY 2009, Congress appropriated an additional \$2 billion in supplemental CCDF Discretionary funds through the ARRA. This funding provides Lead Agencies with an opportunity to expand CCDF assistance by serving additional children and families, and to adopt policies that are supportive of families hurt by the economic situation. For example, Lead Agencies could expand eligibility and serve families while parents are looking for jobs, serve new families by increasing income eligibility, and make systematic improvements in early care and education programs, including provider rate increases and investments in professional development. ARRA funding also provides an opportunity to improve the quality of care to promote positive outcomes for children – as recognized by the inclusion of targeted funds requirements for overall quality and quality care for infants and toddlers.

**Guidance:** This Information Memorandum is intended to be a reference tool for Lead Agencies to use in implementing the ARRA funding and in developing their FY 2010-2011 CCDF Plans. This guidance reviews important areas of flexibility in the CCDF program and offers examples of services, supports, and related resources that Lead Agencies may wish to consider. Specifically, this guidance covers the following areas:

- Eligibility
- Reimbursement Rates and Family Co-Payments
- Quality Activities and Targeted Funds
- Service Coordination Across Programs

Lead Agencies should consider what resources are currently available for monitoring implementation of the CCDF program and what resource gaps exist. Lead Agencies should explore various mechanisms for enacting changes including administrative policy changes and working with the State legislature. Renewed emphasis on transparency and accountability for Federal, State and local programs makes it critically important for a Lead Agency to have the infrastructure and information it needs to demonstrate the effectiveness of its CCDF program by linking the services provided with positive outcomes for children and families.

### **Eligibility**

- Income Eligibility – Lead Agencies have flexibility to set income eligibility guidelines up to the Federal limit of 85% of State Median Income (SMI). Lead Agencies may want to consider adjusting income eligibility levels to help additional families experiencing job or wage losses due to the recession. Additionally, some Lead Agencies have already established tiered eligibility – a lower income eligibility threshold upon application and a higher income eligibility threshold upon re-determination to allow for a graduated transition off the program.
- Defining Eligibility – Lead Agencies have flexibility in defining work, job training and education activities, and may include in their CCDF Plan definitions for periods of job search. Lead Agencies have the flexibility to include these definitions at the time of the initial eligibility determination or at re-determination.
- Eligibility Re-Determination – Lead Agencies determine the length of time between initial eligibility and re-determination. For example, Lead Agencies may extend eligibility for child care assistance for families enrolled in Head Start and Early Head Start to promote coordination; or extend re-determination periods for recently unemployed families.
  - **Resource:** *Program Instruction on Eligibility Determination for Head Start Collaboration (ACYF-PIQ-CC-99-02)*  
<http://www.acf.hhs.gov/programs/ccb/law/guidance/current/pq9902/pq9902.htm>
- Determining Income & Disregards - Lead Agencies have the flexibility to define income and may choose to exclude certain types of income (e.g., tax credits, unemployment insurance, or child support) or exclude income from certain individuals in the household when determining eligibility. Lead Agencies may want to consider excluding payment of medical expenses and health-related costs in determining family income eligibility for families experiencing high out-of-pocket health related costs. Additionally, Lead Agencies can choose to average income or work hours over a specified period of time. Income definitions and any exclusions must be identified

and explained in the CCDF Plan.

- Simplifying the Application Process – Lead Agencies have flexibility in determining the policies and practices in place throughout the application process. This includes requirements for parents, providers and staff, how often these steps occur, and what documentation to require. Lead Agencies should explore if any policies and practices that might be streamlined through technology and improved systems capabilities.
  - **Resource:** *Designing Subsidy Systems to Meet the Needs of Families: An Overview of Policy Research Findings* <http://www.urban.org/publications/411611.html>
  - **Resource:** *Child Care Voucher Programs: Provider Experiences in Five Counties* <http://www.urban.org/publications/411667.html>
- Consumer Education Activities – Lead Agencies use different options to provide consumer education to promote informed child care choices. Some Lead Agencies contract with child care resource and referral (CCR&R) agencies, using them as a local hub for outreach to connect newly-eligible and current families with information on how to apply for subsidies and with information and resources for choosing quality child care.
- Serving Children in Protective Services – Lead Agencies have the option of serving children in need of protective services and may define what constitutes protective services, including whether to include foster care in their definition of protective services. Lead Agencies can explore collaborations with the child welfare system to help maximize resources.

### **Reimbursement Rates and Parent Co-Payments**

- Improving Reimbursement Rates – Reimbursement rates based on the local child care market ensure that parents receiving a subsidy have access to a full range of providers, including center-based, group, family and in-home care. Reimbursement rates may vary based on age of child, type of care setting, number of hours in care, and the geographic area where care is provided. Lead Agencies may want to consider setting provider reimbursement rates based on information obtained from their most recent Market Rate Surveys.
- Tiered Reimbursement – Lead Agencies have the flexibility to establish tiered reimbursement or differential rates for providers serving targeted populations (e.g., children with special needs, infants and toddlers, non-traditional hour care, limited English proficient children) or for providers meeting higher standards of quality, including participation in Quality Rating and Improvement Systems (QRIS).
- Continuity of Care – Lead Agencies should identify opportunities to promote continuity of care for children. Lead Agencies have the flexibility to allow children to remain in care during periods of parental job search and reimbursing providers to cover days when children are absent due to illness or school holidays. Lead Agencies may also consider using a variety of

mechanisms, including automated systems, for tracking and submitting attendance and payments to ensure providers are paid in a timely manner.

- Affordable Co-Payments – Lead Agencies have the option of waiving co-payments for families below the poverty level. Lead Agencies also decide how to assign co-payments; who collects the co-payment and how often; and how to establish a sliding fee scale that minimizes steep increases in child care costs for parents as they move up the scale.

### **Quality Activities and Targeted Funds**

- Grants and Contracts for Higher Quality – Lead Agencies can award grants or contracts to providers who meet higher quality standards to promote child development and improve outcomes for low-income children. Additionally, loans or grants may be used to assist child care facilities in meeting applicable (e.g., licensing, health and safety) child care standards such as for equipment purchases or monitoring and enforcement of compliance with standards, or to facilitate coordination between child care and Head Start, Early Head Start, pre-kindergarten, or school-age programs.
- Expanding Child Care Supply – Grants or contracts can be used to increase the supply of child care, especially care that is hard to find (e.g., care for children with special needs, infants and toddlers, or care during non-traditional hours or in rural areas). Lead Agencies can offer grants or scholarships for provider training to promote recruitment and retention. **Note:** Tribal Lead Agencies have the flexibility to apply for ACF approval to use CCDF funds for construction and renovation purposes (see 45 CFR 98.84).
- Professional Development Systems – Lead Agencies can use quality funds to support professional development systems, including training, education and technical assistance, for new provider recruitment and to align qualifications and credential requirements across the early care and education system. Such systems can link professional development opportunities, outreach, and incentives across early childhood programs, including Head Start, Early Head Start, and pre-kindergarten programs.
- Quality Rating and Improvement Systems – Quality Rating and Improvement Systems (QRIS) are an increasingly common strategy for organizing and aligning quality improvement and consumer education efforts. Lead Agencies can explore integrating existing quality improvement activities (e.g., Early Learning Guidelines, Professional Development systems) into a QRIS system; and identify resources and supports to help providers meet QRIS standards.
  - **Resource:** *QRS Implementation Guidelines*  
<http://nccic.acf.hhs.gov/poptopics/qrs-implementation.html>
  - **Resource:** *Quality Rating Systems Design Elements for Infants and Toddlers* <http://nccic.acf.hhs.gov/itcc/publications/qrsdesignelements.htm>
  - **Resource:** *Using Quality Rating Systems to Promote Quality in After-*

*school Programs* [http://nccic.acf.hhs.gov/afterschool/qrs\\_afterschool.html](http://nccic.acf.hhs.gov/afterschool/qrs_afterschool.html)

- Improved Quality for Infants and Toddlers – Some Lead Agencies fund infant-toddler specialist networks to provide specialized training and consultation to child care providers. Lead Agencies may want to coordinate infant-toddler specialist efforts with Early Head Start (EHS) programs to maximize benefits for families and minimize duplication of resources since infant-toddler specialists are part of each state’s Head Start Training and Technical Assistance system.
  - **Resource:** *Planning for the Child Care and Development Fund: Targeted Funds for Infants and Toddlers*  
<http://nccic.acf.hhs.gov/itcc/publications/ccdfplanningguide.htm>

### **Coordination across Programs**

- Early Childhood Program Coordination and Partnerships – To coordinate services for children served by multiple early childhood programs, Lead Agencies can align eligibility policies or establish payment policies that allow for wrap-around care with Head Start, Early Head Start or pre-k attendance. Lead Agencies can offer grants, loans, or other incentives to child care programs (including family child care) or teachers to assist them in meeting professional development qualifications or the Head Start or pre-k standards. Lead Agencies should promote efforts to strengthen the ability of child care programs to partner with Head Start and other early childhood programs to serve additional children and to improve their quality of care.
- Inter-Agency Coordinating Councils or Cabinets – A mechanism for developing and enhancing coordination efforts includes inter-agency coordinating councils or cabinets. These councils can help to coordinate service delivery while fulfilling Federal program requirements (e.g., the Individuals with Disabilities Education Act, the Head Start Act of 2007). Lead Agencies are encouraged to utilize existing partnerships and inter-agency collaborations to develop a system of supports across early care and education programs to achieve a common goal or mission.
- Coordination of Services for Infants and Toddlers – ARRA funding emphasizes coordinated services for infants and toddlers. CCDF received \$94 million for activities to improve the quality of infant and toddler care, Early Head Start received \$1.1 billion for expansion, and Education received \$500 million for grants to help States serve infants and toddlers with special needs. Lead Agencies should explore partnerships targeted at children from birth through three with these funds. Coordination efforts can strengthen the capacity of early childhood programs to provide appropriate learning experiences for children during these early years.
- Coordination of Services for Children with Disabilities – ARRA funding offers the opportunity to coordinate services for children with disabilities, with \$400 million through Part B of the IDEA to States for preschool and school age programs for children with disabilities and \$500 million through Part C of for formula grants to help States serve infants and toddlers with

special needs. Lead Agencies must prioritize services for children with special needs and have the flexibility to define special needs. Coordination efforts can improve services for special needs children.

- Promoting Linkages between Child Care and Health – Child care offers significant opportunities to promote the health and well-being of children and families, and to identify early signs of developmental and emotional or behavioral difficulties. Many Lead Agencies currently fund child care health consultants to assist child care providers in implementing health and safety practices to improve the quality of their child care programs, minimize health risks, promote development of social emotional wellness, and link families to needed health care and other community services. The Healthy Child Care America program (created and jointly supported by the Child Care and Maternal Child Health Bureaus) encourages early care and education systems development and infrastructure building, including the development of statewide networks of child care health consultants. We encourage Lead Agencies to continue and strengthen their collaborations with their State Early Childhood Comprehensive Systems (ECCS) coordinators by participating as strong partners in the work of their State Early Childhood Teams and taking an active role in the ongoing implementation of their state early childhood systems plans.
- Use Information Technology for Coordination and System Alignment – Sharing information across similar programs is a coordination mechanism for maximizing supports for families. Systems can be linked for processing applications and synchronizing recertification periods. Some States use inter-agency task forces to improve data linkages across programs and for implementing policies across programs consistently. Integrated systems can track services for children and the early care and education workforce, particularly for monitoring attainment of professional development and quality rating systems standards. Such data systems can be used for evaluation and program accountability purposes to track program results and child and family outcomes. ARRA funding offers a collaboration opportunity with Education for integrating systems across programs, with \$48.6 billion for the State Fiscal Stabilization Fund to benefit early learning through post-secondary education, including the development and use of pre-k through post-secondary and career data systems.

Questions: Direct inquiries to the Child Care Program Manager in the appropriate ACF Regional Office.

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