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| ACF | U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | |
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| | 4. Key Words: Child Care and Development Fund, CCDF, American Rescue Plan Act, ARP Act | |

PROGRAM INSTRUCTION

- To:** State and Territory CCDF Lead Agencies administering the Child Care and Development Fund (CCDF) program, as amended, and other interested parties.
- Subject:** Notification of Obligation Target Status for CCDF American Rescue Plan (ARP) Act Stabilization Funds.
- References:** The Child Care and Development Block Grant (CCDBG) Act (42 U.S.C. 9857 *et seq.*); 45 CFR Parts 98 and 99; American Rescue Plan (ARP) Act (P.L. 117-2, Sec. 2202).
- Purpose:** This Program Instruction (PI) provides directions for state and territory CCDF lead agencies to submit Notification of Obligation Target Status for CCDF American Rescue Plan (ARP) Act Stabilization Funds. Directions for tribal CCDF lead agencies will be released through separate guidance.
- Background:** The American Rescue Plan (ARP) Act enacted on March 11, 2021, allocated \$24 billion for Child Care and Development Fund (CCDF) lead agencies to provide stabilization subgrants to child care providers. The ARP Act requires CCDF lead agencies to notify the Secretary of Health and Human Services (HHS) if they are unable to obligate at least 50 percent of the funds that are available for subgrants within 9 months of enactment of the law, which is December 11, 2021.
- Guidance:** **Notification Requirements:** If a state or territory CCDF lead agency is unable to obligate 50 percent of the ARP Act Stabilization funds available for subgrants by December 11, the lead agency must send an email notification to OCC. The email must include the percentage of ARP Act Stabilization funds available for subgrants that will be obligated by December 11 and must be submitted by the state or territory CCDF lead agency official who is authorized to report on behalf of the CCDF program. State and territory CCDF lead agencies who will obligate 50 percent of the ARP Act Stabilization funds available for subgrants by December 11, 2021, are not required to submit an email notification.
- Submission:** State and territory CCDF lead agencies must **email** the OCC Regional Program Manager (RPM) a notification from a CCDF lead agency official who is

authorized to report on behalf of the CCDF program. The email must include the percentage of ARP Act Stabilization funds available for subgrants that the state or territory will obligate by December 11.

Submission Deadline: Email notifications from state and territory CCDF lead agencies unable to obligate 50 percent of the ARP Act Stabilization funds available for subgrants by December 11, 2021 must be submitted no later than Thursday, December 9, 2021.

Calculating the Funds Available for Subgrants: The ARP Act allows state and territory CCDF lead agencies to set aside up to 10 percent of the child care stabilization funds for administrative expenses, supply building, and technical assistance. Funds that CCDF lead agencies set aside for these activities should not be included in calculations for the obligation target. For example, if a CCDF lead agency was awarded \$10 million in ARP Act Stabilization funds, they could set aside up to \$1 million for administrative expenses, supply building, and technical assistance. In this case, the obligation target would be 50 percent of the amount available for subgrants (i.e., 50 percent of \$9 million). OCC recognizes that CCDF lead agencies may not yet have determined the amount to set aside for these activities and recommends that CCDF lead agencies use their best estimate in calculating the funds that are available for subgrants.

When determining whether ARP Act stabilization funds are “obligated,” lead agencies should use the definition they use for CCDF program funds. As required at [45 CFR 98.60\(d\)\(4\)\(ii\)](#), if the lead agency does not have an applicable requirement, the regulation at [45 CFR 75.2](#), Expenditures and Obligations, applies.

Notification Acceptance: OCC will confirm receipt and acceptance of the notification and may follow up with state and territory CCDF lead agencies to identify and provide technical assistance for barriers in obligating the funds.

Use of Data: The ARP Act does not require CCDF lead agencies to return funds unobligated by December 11. OCC will use this information to target technical assistance (TA) to states and territories that have not made progress on obligating APR Act stabilization funds. The percentage of ARP Act Stabilization funds available for subgrants will allow OCC to target TA resources among the states and territories who have not met the obligation target.

Notification Verification: State and territory CCDF lead agencies are required to submit the ACF-696 financial reporting form¹ 30 days after the end of the fiscal quarter. OCC will use two pieces of information from the ACF-696 report due on January 31, 2022, for the period ending December 31, 2021.

¹ The Form ACF-696 Financial Report has OMB approval under 0970-0510, and the currently approved version includes changes due to the ARP Act.

1. A question has been added to the ACF-696 form to ask, “Was the state or territory unable to obligate at least 50 percent of the CCDF stabilization grants by December 11, 2021?” States and territories should respond to this question based on the obligation status of the stabilization funds on December 11, 2021. For example, if a state obligated 25 percent of the stabilization funds available for subgrants by December 11, 2021, but obligated 50 percent of the funds by December 31, 2021, the state should mark “Yes” for this question.
2. OCC will monitor the dollar amount of ARP Act stabilization funds that have been obligated to identify any needs for targeted TA. OCC recognizes that states and territories that were unable to obligate 50 percent of the ARP Act stabilization funds available for subgrants may have done so by December 31, 2021.

Unobligated Funds: The ARP Act does not require CCDF lead agencies to return funds unobligated by December 11. However, state CCDF lead agencies must notify OCC by April 1, 2022,² if they will be unable to obligate any part of their ARP Act stabilization funds by September 30, 2022.³ In accordance with 45 CFR 98.64, in most cases, OCC will reallocate unobligated state CCDF program funds identified by the April 1 deadline to other state CCDF lead agencies in proportion to their original allotments.⁴ To be eligible to receive reallocated CCDF program funds, state CCDF lead agencies must indicate their interest on their ACF-696 quarterly report due April 30, 2022.

Resources:

- American Rescue Plan Act
<https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf>
- CCDF Final Regulations (2016)
https://www.acf.hhs.gov/sites/default/files/documents/occ/ccdf_tracked_changes_of_existing_regulations.pdf
- CCDBG Law (2014)
https://www.acf.hhs.gov/sites/default/files/documents/occ/child_care_and_development_block_grant_markup.pdf

Inquiries:

Please direct any questions to the Child Care Program Manager in the appropriate ACF Regional Office. Contact information for Regional Offices can be found at <https://www.acf.hhs.gov/occ/contact-information/office-child-care-regional-program-managers>

² OCC will obtain PRA clearance for the April 1 data collection through a separate submission.

³ The CCDBG Act at section 658(O)(f) defines “state” for the purposes of reallocation as “only the 50 states, the District of Columbia, and the Commonwealth of Puerto Rico.” (42 U.S.C. 9858m(f)). Therefore, territories other than Puerto Rico are not eligible for reallocation.

⁴ 45 C.F.R. 98.64(b)(2)(ii) says that funds will not be reallocated (but will instead revert to the federal government) if the amount available for reallocation is less than \$25,000.

/s/

Ruth Friedman, Ph.D.
Director
Office of Child Care

Paperwork Reduction Act of 1995 (Pub. L. 104-13) Statement of Public Burden: Through this information collection effort, the Administration for Children and Families is gathering data on your Child Care and Development program's progress in obligating American Rescue Plan Act Stabilization funds meant to provide subgrants to child care providers. The public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. The information is required to retain a benefit (Pub. L. 117-2, section 2022). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information subject to the requirements of the Paperwork Reduction Act of 1995, unless that agency or person displays a currently valid Office of Management and Budget (OMB) control number. The OMB # is 0970-0510 and the expiration date is 6/30/2024. If you have any comments on this collection of information, please contact Rachel McKinnon, Office of Child Care, by email at rachel.mckinnon@acf.hhs.gov.