

# Instructions for Completion of Form ACF-696 Financial Reporting Form for the Child Care and Development Fund (CCDF)

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## OVERVIEW

Pursuant to CCDF regulations at 45 CFR 98.65(g), and as part of the terms and conditions of the grant award, States and Territories are required to complete and submit a quarterly financial status report (ACF-696) in accordance with these instructions on behalf of the CCDF Lead Agency.

The ACF-696 form and instructions can be found on the Office of Child Care (OCC) website at: <http://www.acf.hhs.gov/programs/occ/report/index.htm>

## SUBMISSION AND DUE DATES

This form must be submitted quarterly (reports are due 30 days after the end of the quarter) by January 31, April 30, July 31 and October 31.

**States must submit quarterly reports for each fiscal year until all funds are expended.** CCDF funds may be available for use in more than one fiscal year. As a result, a Lead Agency will likely submit separate ACF-696 forms for multiple grant award years simultaneously.

States are encouraged to submit their ACF-696 reporting forms electronically via the ACF On-Line Data Collection (OLDC) system. The web address is: <https://extranet.acf.hhs.gov/ssi/>

Grantees that elect not to submit electronically must submit two copies:

- One copy with an “original signature” submitted to the grantee’s Grants Management specialist (see attached listing with contact information).
- A signed copy submitted to the ACF Regional Child Care Program Manager. Contact information can be found at: <http://www.acf.hhs.gov/programs/occ/resource/regional-child-care-program-managers>

## GENERAL INSTRUCTIONS

- Round all entries to the nearest dollar.
- Enter State Name
- The term “State” as used in this document also includes Territories except when specifically referring to Mandatory and Matching funds. Territories do not receive Mandatory or Matching funds.
- Include costs of contracts and subcontracts in the appropriate reporting category based on their nature or function.
- Enter the Fiscal Year (the award year) for which this report is being submitted. **Fiscal years will run simultaneously so it is important to indicate the year for which information is being reported.**
- Enter the Grant Document Number(s). If multiple grant awards are issued in a fiscal year (e.g., construction and renovation), please enter all relevant numbers.
- Indicate whether this is a new report, a revision of a report previously submitted for the same period or a final report.
- Enter the ending date for the report quarter (the quarter just ended which constitutes the report of cumulative obligations or expenditures).
- Enter the beginning date of the next quarter beginning after submission of this report, for which estimates are being provided on line 8. For example, if the report quarter ends on September 30, then the beginning date of the next quarter beginning after submission of this report will be January 1.
- Enter at the top of column (B) the Federal Medical Assistance Percentage (FMAP) Rate used by the State. FMAP tables can be found at the following website:  
<https://aspe.hhs.gov/federal-medical-assistance-percentages-or-federal-financial-participation-state-assistance-expenditures>

## COLUMNS – CCDF FUNDING STREAMS

The CCDF program has a number of fiscal requirements associated with multiple funding streams that comprise the block grant. The ACF-696 form has separate columns for reporting of expenditures from each of these component funding streams. All amounts reported in columns (A), (B), (C), (D), and (E) must be actual obligations or expenditures made under the State's plan and in accordance with all applicable statutes and regulations.

- **Column (A): Mandatory Funds.** Appropriated under section 418(a)(3) of the Social Security Act (SSA), 42 USC 618(a)(3). Mandatory funds are 100% Federal funds and are available until expended.
- **Column (B): Matching Funds.** The Federal share of the Matching fund is the remaining amount appropriated under section 418(a)(3) of the SSA after Mandatory funds are

allotted.<sup>1</sup> In order to receive the full allotment of Matching funds for a fiscal year, a State must: (1) expend its Maintenance of Effort (MOE) requirement by the end of the award year fiscal year; and (2) obligate all Mandatory funds in the first year of the grant period. State expenditures in excess of the MOE requirement are matched at the Federal Medical Assistance Percentage (FMAP) Rate. The State share of Matching expenditures must be for allowable services or activities as described in the approved State Plan as appropriate, that meet the goals and purposes of the Child Care and Development Block Grant Act of 1990 (CCDBG Act). The same expenditure may not be counted as both State Match and State MOE.

- **Column (C): Discretionary Funds.** Authorized by the CCDBG Act, 42 USC 9858 *et seq.* Discretionary funds are 100% Federal funds.

States may transfer up to 30% of their TANF grants to CCDF and these funds then take on the characteristics of Discretionary CCDF funds. States wishing to transfer funds back to the TANF block grant must do so within the two-year obligation period for CCDF Discretionary funds (see obligation/liiquidation table below).<sup>2</sup>

- **Column (D): Maintenance-of-Effort (MOE).** Section 418(a)(2)(C) of the Social Security Act, 42 USC 618(a)(2)(C) requires States to spend a specified amount of non-Federal funds on child care in order to claim Federal match from the Matching Fund. This State MOE must be expended on allowable services or activities as described in the approved State Plan as appropriate, that meet the goals and purposes of the CCDBG Act. The same expenditure may not be counted as both State Match and State MOE.
- **Column (E): Discretionary Disaster Relief Funds.** The Supplemental Appropriations for Disaster Relief Act of 2019 (Pub. L. 116-20) made disaster relief funds available to State and Territory CCDF Lead Agencies for child care expenses directly related to Hurricanes Florence and Michael, Typhoon Mangkhut, Super Typhoon Yutu, wildfires and earthquakes that occurred in calendar year 2018, and tornadoes and floods occurring in calendar year 2019.
- **Column (F): Discretionary Disaster Relief Funds—Construction and Major Renovation.** CCDF Lead Agencies that are awarded CCDF Discretionary Disaster Relief funds may use those funds for renovating, repairing, or rebuilding child care facilities, subject to ACF approval. Upon approval, ACF will transfer any funds approved for use on construction or major renovation to a separate grant document number, which will be reported in column (F). If not all funds transferred to the separate grant award are ultimately

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<sup>1</sup> As stated above, the Federal Medical Assistance Percentage (FMAP) Rate used by the State should be entered at the top of the column. FMAP tables can be found at the following website: <https://aspe.hhs.gov/federal-medical-assistance-percentages-or-federal-financial-participation-state-assistance-expenditures>

<sup>2</sup> Additional TANF guidance can be found at: <http://www.acf.hhs.gov/programs/ofa/policy/pi-ofa/2002/pi2002-2.htm>

needed for construction or renovation, the Lead Agency may request permission from ACF to use the funds for other allowable CCDF purposes (i.e., purposes other than construction and renovation). Expenditures in column (F) that are used for construction and renovation will be reported on line 1(f) (Construction and Major Renovation). However, other lines in column (F) remain open for data entry in the event that the Lead Agency requests and receives approval to use the funds for allowable CCDF purposes other than construction and renovation.

Lead Agencies must follow the applicable obligation and liquidation periods when expending and accounting for CCDF grant funds (see CCDF regulations at 45 CFR 98.60(d)). The table below indicates obligation and liquidation requirements for each of the CCDF funding streams.

*Table 1: Obligation and Liquidation Periods*

	<b>Must be Obligated by:</b>	<b>Must be Liquidated by:</b>
Mandatory	End of 1st fiscal year (for States requesting Matching Funds)	No requirement to liquidate by a specific date <sup>3</sup>
Matching	End of 1st fiscal year	End of 2nd fiscal year
Discretionary	End of 2nd fiscal year	End of 3rd fiscal year
MOE	End of 1 <sup>st</sup> fiscal year (for States requesting Matching Funds)	End of 1 <sup>st</sup> fiscal year (for States requesting Matching Funds)
Discretionary Disaster Relief	End of 2 <sup>nd</sup> fiscal year	End of 3 <sup>rd</sup> fiscal year
Discretionary Disaster Relief— Construction and Renovation	End of 4 <sup>th</sup> fiscal year	End of 5 <sup>th</sup> fiscal year

For example, if the source of funds is FY 2020:

*Table 2: Example of Obligation and Liquidation Periods*

<b>Funding source: FY20</b>	<b>Must be Obligated by:</b>	<b>Must be Liquidated by:</b>
Mandatory	FY2020 (9/30/20) (for States requesting Matching Funds)	No requirement to liquidate by a specific date
Matching	FY2020 (9/30/20)	FY2021 (9/30/21)
Discretionary	FY2021 (9/30/21)	FY2022 (9/30/22)

<sup>3</sup> While there is no liquidation requirement for Mandatory funds, in accordance with federal law, grant funds must be drawn down from the Payment Management System (PMS) within 5 years from the year in which the funds were awarded. 31 USC 1551-1558

<b>Funding source: FY20</b>	<b>Must be Obligated by:</b>	<b>Must be Liquidated by:</b>
MOE	FY2020 (9/30/20) (for States requesting Matching Funds)	FY2020 (9/30/20) (for States requesting Matching Funds)
Discretionary Disaster Relief	FY2021 (9/30/21)	FY2022 (9/30/22)
Discretionary Disaster Relief— Construction and Renovation	FY2023 (9/30/22)	FY2024 (9/30/24)

## **DISCRETIONARY DISASTER RELIEF FUNDS NARRATIVE REPORT**

The 4th quarter submission of the financial report should include an attached narrative description of the services and activities funded with CCDF Discretionary Disaster Relief funds. The narrative should describe all services and activities funded with CCDF Discretionary Disaster Relief funds that were spent in the fiscal year by the State, regardless of the year in which those funds were awarded. Specifically, the narrative report should provide an explanation for the amounts reported on columns (E) and (F). The narrative report should include, but is not limited to, the following information:

- Specific project or activity titles with descriptions of deliverables, and the name of the entity(ies) that are responsible for deliverables;
- Description of outputs, such as the number of persons served and/or products produced in activity.

## **CUMULATIVE FISCAL YEAR TOTALS**

All amounts reported must reflect expenditures of CCDF funds made in accordance with the approved State Plan and applicable statutes and regulations. Amounts should be reported on a cumulative basis.

### **Line 1 – Total Expenditures**

**For each column (A through F), Line 1 is equal to the sum of rows 1(a) through 1(f).<sup>4</sup>**

*Table 3: Explanation of Column Entries for Line 1*

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<sup>4</sup> 1(a) + 1(b) + 1(c) + 1(d) + 1(e) + 1(f)

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
1. TOTAL	Enter the cumulative expenditures of Mandatory funds made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of both Federal and State Matching expenditures made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.*	Enter the cumulative expenditures of Discretionary funds made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the State Maintenance of Effort (MOE) expenditures from October 1 of the fiscal year for which the report is being submitted through the quarter being reported.*	Enter the cumulative expenditures of Discretionary Disaster Relief funds made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures of Discretionary Disaster Relief—Construction and Renovation funds made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.

\* The State should only enter expenditures of State Match and MOE funds up to the required amount or maximum amount (the State share amounts indicated on the CCDF Funding Allocations tables available at: <http://www.acf.hhs.gov/programs/occ/resource/ccdf-state-and-territory-funding-allocations>).

The State should not report any additional or “excess” State funds above the required MOE amount or above the maximum State share amount in these columns. States that receive a TANF grant may report “excess” on the ACF-196R State Share Columns, line 11a.

**Line 1(a) - Child Care Administration**

Not more than 5% of the aggregate amount of Discretionary, Mandatory, and Federal and State shares of Matching fund expenditures from each fiscal year’s allotment may be used for administrative activities. Therefore, at the end of the liquidation period no more than 5% of Line 1 can be claimed for child care administration at Line 1(a). Expenditures reported in columns (D) and (F) are not subject to the 5% limitation, and are not included in the calculation.

**By the end of the liquidation period, Line 1(a) columns A + B + C + E ≤ (must be less than or equal to) 5% of Line 1 columns A + B + C +E.**

Table 4: Explanation of Column Entries for Line 1(a)

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
1(a). CHILD CARE ADMIN.	Enter the cumulative expenditures of Mandatory funds for child care administration from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of both Federal and State Matching expenditures for child care administration made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures of Discretionary funds for child care administration from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of State MOE expenditures for child care administration from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures of Discretionary Disaster Relief funds for child care administration from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures of Discretionary Disaster Relief Construction and Renovation funds for child care administration from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.

Examples of child care administrative activities: [45 CFR 98.52; 63 FR 39962]

- Salaries of staff performing administrative functions;
- Planning, developing and designing the program;
- Providing local officials and public with information, including public hearings;
- Application and plan preparation;
- Developing agreements with administering agencies;
- Monitoring program activities for compliance;
- Preparing reports;
- Maintaining complaints;
- Coordination activities with other child care, early childhood development, and before-and after-school care programs;
- Coordinating the resolution of audit and monitoring findings;
- Program results evaluation;
- Managing or supervising persons with the above responsibilities;
- Travel costs incurred for official business in carrying out the program;
- Accounting Services;
- Audit Services;
- Rental or purchase of equipment, utilities, and office supplies, etc. for administrative staff and/or functions; and
- Indirect costs.

Administrative activities **do not** include:

- Eligibility determination and re-determination;
- Preparation and participation in judicial hearings;
- Child care placement;
- Recruitment, licensing, and supervision of child care placements;
- Rate setting;
- Resource and referral services;
- Training of child care staff; and
- Establishment and maintenance of child care information systems.

**Line 1(b) – Quality Activities Excluding Infant/Toddler Quality Activities**

*FY 2016 and FY 2017.* At least 7% of the aggregate amount of Discretionary, Mandatory, and the Federal and State shares of Matching fund expenditures from each fiscal year's allotment must be used for quality activities. Therefore, at the end of the liquidation period, no less than 7% of Line 1 (columns A + B + C + E) must be claimed for this activity.

**By the end of the liquidation period, Line 1(b) columns A + B + C + E  $\geq$  (must be greater than or equal to) 7% of Line 1 columns A + B + C + E.**

*FY 2018 and FY 2019:* At least 8% of the aggregate amount of Discretionary, Mandatory, and the Federal and State shares of Matching fund expenditures from each fiscal year's allotment must be used for quality activities. Therefore, at the end of the liquidation period, no less than 8% of Line 1 (columns A + B + C + E) must be claimed for this activity.

**By the end of the liquidation period, Line 1(b) columns A + B + C + E  $\geq$  (must be greater than or equal to) 8% of Line 1 columns A + B + C + E.**

*FY 2020 and subsequent fiscal years:* At least 9% of the aggregate amount of Discretionary, Mandatory, and the Federal and State shares of Matching fund expenditures from each fiscal year's allotment must be used for quality activities. Therefore, at the end of the liquidation period, no less than 9% of Line 1 (columns A + B + C + E) must be claimed for this activity.

**By the end of the liquidation period, Line 1(b) columns A + B + C + E  $\geq$  (must be greater than or equal to) 9% of Line 1 columns A + B + C + E.**

Quality expenditures reported in the MOE column (D) **will not** be counted towards the minimum expenditure amount required to be spent on quality activities. The CCDF Lead Agency must describe in its State Plan the quality activities it will fund under this expenditure category.

Discretionary Disaster Relief expenditures used for construction or major renovation and reported in column (F) are excluded from the calculation of the minimum quality spending amount.

Once a State has met the requirement to spend at least 3% of its aggregate award on infant/toddler quality activities (Line 1(c)), the State may assign additional expenditures on infant and toddler quality activities toward the quality activities reported on Line 1(b).

*Table 5: Explanation of Column Entries for Line 1(b)*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
1(b). QUALITY ACTIVITIES EXCLUDING INFANT/ TODDLER QUALITY ACTIVITIES REPORTED ON LINE 1(c)	Enter the cumulative expenditures of Mandatory funds for child care quality activities from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of both Federal and State Matching expenditures for child care quality activities made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures of Discretionary funds for child care quality activities made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of State MOE expenditures for child care quality activities made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of Discretionary Disaster Relief expenditures for child care quality activities made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of Discretionary Disaster Relief Construction and Renovation expenditures for child care quality activities made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.

Examples of quality activities include: [Section 658G(b) of the CCDBG Act]

- Supporting the training and professional development of the child care workforce;
- Improving on the development or implementation of early learning and development guidelines;
- Developing, implementing, or enhancing a tiered quality rating system for child care providers and services;
- Improving the supply and quality of child care programs and services for infants and toddlers;
- Establishing or expanding a Statewide system of child care resource and referral services;
- Supporting compliance with State requirements for licensing, inspection, monitoring, training, and health and safety;

- Evaluating the quality of child care programs in the State, including evaluating how programs positively impact children;
- Supporting child care providers in the voluntary pursuit of accreditation;
- Supporting the development or adoption of high-quality program standards related to health, mental health, nutrition, physical activity, and physical development; and
- Other activities to improve the quality of child care services as long as outcome measurement relating to improved provider preparedness, child safety, child well-being, or entry to kindergarten is possible.

### **Line 1(c) - Infant/Toddler Quality Activities**

Beginning with the FY 2017 CCDF award, at least 3% of the aggregate amount of Discretionary, Mandatory, and the Federal and State shares of Matching fund expenditures from each fiscal year's allotment must be used for activities to improve the quality of care for infants and toddlers. Therefore, at the end of the liquidation period, no less than 3% of Line 1 (columns A + B + C + E) must be claimed for this activity.

Infant/Toddler quality activity expenditures reported in the MOE column (D) **will not** be counted towards the minimum expenditure amount required to be spent on infant/toddler activities. The CCDF Lead Agency must describe in its State Plan the infant/toddler activities it will fund under this expenditure category.

Discretionary Disaster Relief expenditures used for construction or major renovation and reported in column (F) are excluded from the calculation of the minimum infant/toddler quality spending requirement.

Infant/Toddler expenditures reported do not count toward the minimum quality expenditure requirement included in Line 1(b). These are considered a separate expenditure requirement.

**By the end of the liquidation period, Line 1(c) columns A + B + C + E  $\geq$  (must be greater than or equal to) 3% of Line 1 columns A + B + C + E.**

Table 6: Explanation of Column Entries for Line 1(c)

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
1(c). INFANT/ TODDLER QUALITY ACTIVITIES	Enter the cumulative expenditures of Mandatory funds for infant/toddler quality activities from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of both Federal and State Matching expenditures for infant/toddler quality activities made from October 1 of the fiscal year for which the report is being submitted through the current quarter being	Enter the cumulative expenditures of Discretionary funds for infant/toddler quality activities from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of State MOE expenditures for infant/toddler quality activities made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures of Discretionary Disaster Relief funds for infant/toddler quality activities from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures of Discretionary Disaster Relief Construction and Renovation funds for infant/toddler quality activities from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.

Examples of infant/toddler quality activities: [Section 658G (b)]

- Establishing or expanding high-quality community or neighborhood-based family and child development centers, which may be a resource to child care providers to improve the quality of services available for infants and toddlers from low-income families and help providers improve their capacity to offer high-quality, age-appropriate care to infants and toddlers from low-income families;
- Establishing or expanding the operation of community or neighborhood-based family child care networks;
- Promoting and expanding child care providers' ability to provide developmentally appropriate services for infants and toddlers;
- Developing infant and toddler components in the State's quality rating and improvement system (QRIS), licensing regulations, and the early learning and development guidelines; Improving the ability for parents to access transparent and easy to understand consumer information about high-quality infant and toddler care; and,
- Providing health and safety training, including training in safe sleep practices, first aid, and cardiopulmonary resuscitation (CPR) for child care providers and caregivers working with infants and toddlers.

**Line 1(d) – Direct Services**

The direct services category consists **solely** of expenditures for child care subsidies to eligible children. Child care subsidies may be provided through certificates (or vouchers) or through grants or contracts to providers.

The costs of eligibility determination and re-determination are considered a non-direct service activity and should be reported at Line 1(e).

If the CCDF Lead Agency sub-contracts the operation of the child care program to another entity (whether a State or non-State entity) the Lead Agency continues to be responsible for reporting only the portion of the sub-contract or sub-award which was expended on child care subsidies in this category. Some Territorial Lead Agencies may run their own child care centers serving CCDF-eligible children and these expenditures (less any administrative, non-direct service, or quality activities costs) would also be considered direct services.

*Table 7: Explanation of Column Entries for Line 1(d)*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
1(d). DIRECT SERVICES	Enter the cumulative expenditures from the Mandatory fund on direct services, from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of both Federal and State Matching expenditures on direct services from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures from the Discretionary fund on direct services from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative total of State MOE expenditures on direct services made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures from the Discretionary Disaster Relief funds on direct services from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures from the Discretionary Disaster Relief Construction and Renovation funds on direct services from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.

**70% Requirement for Mandatory and Matching Funding:** States must expend not less than 70% of the aggregate amount of Mandatory and the Federal and State share of Matching fund expenditures for direct services to meet the child care needs of TANF families, families transitioning off of TANF, or families at risk of becoming TANF recipients.

**By the end of the liquidation period, Line 1(d) columns A + B ≥ (must be greater than or equal to) 70% of Line 1 columns A + B.**

**70% Direct Services Requirement for Discretionary Funding:** First, the State must reserve:

1. the minimum amount of funding required for quality activities (for FY 2016 and FY 2017, it is 7% of expenditures; for FY 2018 and FY 2019, it is 8%; for FY 2020 and onward, it is 9%);
2. the minimum amount of funding required for infant/toddler quality activities (3% of expenditures starting in FY2017); AND
3. the actual amount of Discretionary funding (including Discretionary Disaster Relief funds) expended for administrative costs (Line 1(a) columns C and E),

After reserving the amounts above, the State must expend not less than 70% of the remainder of Discretionary expenditures on providing direct services (Line 1(d) columns C and E).

Discretionary Disaster Relief expenditures used for construction or major renovation and reported in column (F) are excluded in the calculation to determine the 70% expenditure amount required to be spent on direct services.

*For FY 2017 Discretionary Award:*

By the end of the liquidation period (9/30/19), Line 1(d) columns C and E  $\geq$  (must be greater than or equal to) 70% of [(Line 1 columns C and E) – (7% of Line 1 columns C and E + 3% of Line 1 columns C and E + Line 1(a) columns C and E)].

*For FY 2018 Discretionary Award:*

By the end of the liquidation period (9/30/20), Line 1(d) columns C and E  $\geq$  (must be greater than or equal to) 70% of [Line 1 columns C and E – (8% of Line 1 columns C and E + 3% of Line 1 columns C and E + Line 1(a) columns C and E)].

*For FY 2019 Discretionary Award:*

By the end of the liquidation period (9/30/21), Line 1(d) columns C and E  $\geq$  (must be greater than or equal to) 70% of [Line 1 columns C and E - (8% of Line 1 columns C and E + 3% of Line 1 columns C and E + Line 1(a) columns C and E)].

*For FY 2020 Discretionary Award:*

By the end of the liquidation period (9/30/22), Line 1(d) columns C and E  $\geq$  (must be greater than or equal to) 70% of [Line 1 columns C and E - (9% of Line 1 columns C and E + 3% of Line 1 columns C and E + Line 1(a) columns C and E)].

*For FY 2021 Discretionary Award:*

By the end of the liquidation period (9/30/23), Line 1(d) columns C and E  $\geq$  (must be greater than or equal to) 70% of [Line 1 columns C and E - (9% of Line 1 columns C and E + 3% of Line 1 columns C and E + Line 1(a) columns C and E)].

*For FY 2022 Discretionary Award:*

By the end of the liquidation period (9/30/24), Line 1(d) columns C and E  $\geq$  (must be greater than or equal to) 70% of [Line 1 columns C and E - (9% of Line 1 columns C and E + 3% of Line 1 columns C and E + Line 1(a) columns C and E)].

**Line 1(e) – Non-Direct Services**

Non-direct services are the costs of providing child care subsidies (operating a voucher program and eligibility determination) or other program activities that are not considered administrative costs under the definition at 45 CFR 98.52 of CCDF regulations.

Note that costs associated with State compliance with Subpart K – Error Rate Reporting of CCDF regulations are not subject to the administrative costs cap and should be reported as non-direct service expenditures on Lines 1(e) and 1(e)(2).

**For each column (A through F), Line 1(e) is equal to 1(e)(1) + 1(e)(2) + 1(e)(3)**

*Table 8: Explanation of Column Entries for Line 1(e)*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
<b>1(e). NON-DIRECT SERVICES</b>	Enter the cumulative expenditures from Mandatory funds on non-direct services, respectively, made from October 1 of the fiscal year for which the report is being submitted through the current quarter reported.	Enter the cumulative total of both Federal and State Matching expenditures on non-direct services, respectively, made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures from Discretionary funds on non-direct services, respectively, made from October 1 of the fiscal year for which the report is being submitted through the current quarter reported.	Enter the cumulative total of State MOE expenditures on non-direct services, respectively, made from October 1 of the fiscal year for which the report is being submitted through the current quarter being reported.	Enter the cumulative expenditures from Discretionary Disaster Relief funds on non-direct services, respectively, made from October 1 of the fiscal year for which the report is being submitted through the current quarter reported.	Enter the cumulative expenditures from Discretionary Disaster Relief Construction and Renovation funds on non-direct services, respectively, made from October 1 of the fiscal year for which the report is being submitted through the current quarter reported.
1(e)(1). SYSTEMS						
1(e)(2). CERT. PROGRAM COSTS/ELIG DETERMINATION						
1(e)(3). ALL OTHER NON-DIRECT SERVICES						

The following sub-categories for Non-Direct Services are included on the ACF-696 form reporting expenditures under for Line 1(e):

*Line 1(e)(1) – Systems*

- Establishment and maintenance of computerized child care information systems.

*Line 1(e)(2) - Certificate Program Cost / Eligibility Determination*

- Establishing and operating a certificate program

- Eligibility determination and re-determination.
- Costs associated with conducting error rate reviews and compliance with Error Rate Reporting requirements per Subpart K of CCDF Regulations.

*Line 1(e)(3) - All Other Non-Direct Services*

- Preparation/participation in judicial hearings
- Recruitment, licensing, inspection, reviews, and supervision of child care placements
- Training of child care providers on billing and claims processes associated with the subsidy program
- Reviews and supervision of child care placements
- Rate setting
- Resource and referral services
- Training of child care staff on CCDF administrative issues

**Line 1(f) – Construction and Major Renovation**

CCDF Lead Agencies that are awarded Discretionary Disaster Relief funds may use those funds for renovating, repairing, or rebuilding child care facilities, subject to ACF approval. Any such funds used for construction on major renovation (as defined at 45 CFR 98.2 of the CCDF regulations) should be reported on Line 1(f), column (F). Funds used for minor remodeling or renovation (i.e., renovation other than major renovation) should **not** be reported on Line 1(f), but rather should be reported as a quality expenditure on Line 1(b) or 1(c). With the exception of the Discretionary Disaster Relief funds, no CCDF funds may be expended for the purchase, construction, or permanent improvement of any building or facility.

*Table 9: Explanation of Column Entries for Line 1(f)*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
<u>1(f).</u> <u>CONSTRUCTION</u> <u>AND</u> <u>RENOVATION</u>						Enter the cumulative expenditures from Discretionary Disaster Relief funds on construction and renovation made from October 1 of the fiscal year for which the report is being submitted through the current quarter reported.

**Line 2 - State Share of Expenditures**

In order to receive their full allotment of Federal Matching funds for a fiscal year, States must expend their required Maintenance-of-Effort (MOE) amount and obligate the State share of Matching expenditures in the first year of the grant award.

In column (B) – Matching Funds, the amount reported **may not** exceed the total of the State’s share of the Matching fund required to draw down the full allotment of Federal Matching funds. This amount is based on the State’s FMAP rate.

Similarly, in column (D) – MOE, the amount reported **may not** exceed the amount of the State’s MOE requirement. Any additional State expenditures that exceed the State’s share of the Matching fund and the MOE requirement should not be reported on the ACF-696 form. (See CCDF allocation tables for the State share Match and MOE requirements at: <http://www.acf.hhs.gov/programs/occ/resource/ccdf-state-and-territory-funding-allocations>)

**For each column (B and D), Line 2 is equal to 2(a)+2(b)+2(c)**

*Table 10: Explanation of Column Entries for Line 2*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
<u>2. STATE SHARE EXPENDITURES</u>		Enter the cumulative total of State Matching expenditures for the fiscal year for which the report is being submitted at the specified FMAP rate.		Enter the cumulative State MOE expenditures for the fiscal year for which the report is being submitted.		
2(a).REGULAR						
2(b).PRIVATE DONATED FUNDS						
2(c).PRE-K						

The following sub-categories for State share of expenditures are included on the ACF-696 form reporting expenditures under Line 2:

*Line 2(a) – Regular:* All public funds used by the State as the State share of the Matching fund that are not privately donated funds or public pre-kindergarten (pre-k) expenditures are to be included in this category. State expenditures of non-Federal funds must be for allowable child care services or activities, as described in the approved State Plan. State share of expenditures may include public funds when the funds are appropriated directly to the Lead Agency or transferred from another public agency and under the Lead Agency’s administrative control, or certified by the contributing public agency as representing expenditures eligible for Federal match. The same expenditures may not be used to meet both the Match and MOE requirements under CCDF.

The following may **not** be used as State share of expenditures [See 45 CFR 98.53(i) & (g)]:

- Federal funds (unless authorized by Federal law to be used as match);
- Funds used to match other Federal funds;
- In-kind contributions;
- Family contributions to the cost of care (i.e., family co-payments); and
- Expenditures for which the use of Federal CCDF funds is prohibited.

*Line 2(b) - Private Donated Funds:* Private donated funds reported in column (D) must meet the requirements of CCDF regulations at 45 CFR 98.53(e)(2). Private donated funds may be used as State Match when the donated funds are made without any restriction that would require their use for a specific individual, organization, facility or institution; do not revert to the donor's facility or use; and are not used to match other federal funds.

The donated funds shall be certified as available and representing expenditures eligible for Federal match and shall be subject to audit requirements.

*Line 2(c) - Pre-K:* Public Pre-Kindergarten (Pre-K) expenditures on CCDF-eligible children may be used for up to 20% of the funds serving as MOE expenditures (column D) as long as the State has not reduced its expenditures for full day/full year child care services. A State may use other public Pre-K funds for up to 30% of the funds required for State Match (column B). States must include in the CCDF Plan, as provided in 98.16(q), a description of the efforts it will undertake to ensure that Pre-K programs meet the needs of working parents and, if the State uses Pre-K to meet more than 10% of either the MOE or Matching requirement, how the State will coordinate its pre-k and child care services to expand the availability of care.

Expenditures from State-funded public Pre-K services claimed as CCDF Match or MOE must be for services to children from families who meet CCDF eligibility criteria. ACF permits Lead Agencies that do not have child-specific information on children enrolled in Pre-K programs to develop a methodology for calculating Pre-K expenditures for purposes of claiming Match and MOE. States may estimate the proportion of children served in the public Pre-K program who are also CCDF eligible (Also see 63 FR 39966). The methodology should take into consideration the number of children served by the Pre-K program who are from families who would be eligible for CCDF based on State income eligibility limits, participation in employment, training, or education activities, etc.

The Lead Agency is required to report the total unduplicated number of children served through the public Pre-K program that are determined to be CCDF eligible and for which CCDF Match and MOE expenditures were claimed, on the annual ACF-800 CCDF administrative data report. Additional information on the ACF-800 report can be found at: <http://www.acf.hhs.gov/programs/occ/resource/acf-800-annual-aggregate-child-care-data-report>

### **Line 3 - Federal Share of Expenditures**

*Table 11: Explanation of Column Entries for Line 3*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
3. FEDERAL SHARE OF EXPENDITURE	Enter the cumulative Federal share of Mandatory funds expended for the Fiscal Year (FY) for which the report is being submitted. This number will be the same as that on Line 1 (column A).	Enter the cumulative <u>Federal share</u> of Matching funds expended for the Fiscal Year (FY) for which the report is being submitted.	Enter the cumulative Federal share of Discretionary funds expended for the Fiscal Year (FY) for which the report is being submitted. This number will be the same as that on Line 1 (column C).		Enter the cumulative Federal share of Discretionary Disaster Relief funds expended for the Fiscal Year (FY) for which the report is being submitted. This number will be the same as that on Line 1 (column E).	Enter the cumulative Federal share of Discretionary Disaster Relief Construction and Renovation funds expended for the Fiscal Year (FY) for which the report is being submitted. This number will be the same as that on Line 1 (column F).

**Line 4 - Federal Share of Unliquidated Obligations**

*Table 12: Explanation of Column Entries for Line 4*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONAR Y FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
4. FEDERAL SHARE OF UN-LIQUIDATED OBLIGATIONS	Enter the cumulative amount of obligated Federal Mandatory funds that have not been liquidated for the FY.	Enter the cumulative amount of obligated Federal Matching funds that have not been liquidated for the FY.	Enter the cumulative amount of obligated Discretionary Federal funds that have not been liquidated for the FY.		Enter the cumulative amount of obligated Discretionary Disaster Relief Federal funds that have not been liquidated for the FY.	Enter the cumulative amount of obligated Discretionary Disaster Relief Construction and Renovation Federal funds that have not been liquidated for the FY.

**Line 5 – Awarded**

*Table 13: Explanation of Column Entries for Line 5*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONAR Y FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
5. AWARDED	If not already completed/populated, enter the cumulative amount of Federal Mandatory funds awarded for the FY for which the report is being submitted.	If not already completed/populated, enter the cumulative amount of Federal Matching funds awarded for the FY for which the report is being submitted.	If not already completed/populated, enter the cumulative amount of Federal Discretionary funds awarded for the FY for which the report is being submitted.		If not already completed/populated, enter the cumulative amount of Federal Discretionary Disaster Relief funds awarded for the FY for which the report is being submitted.	If not already completed/populated, enter the cumulative amount of Federal Discretionary Disaster Relief Construction and Renovation funds awarded for the FY for which the report is being submitted.

### Line 6 - Transfer from TANF

States may transfer up to 30% of their TANF grant to CCDF. TANF funds transferred to CCDF are treated as Discretionary funds and are subject to the same requirements and restrictions (e.g., States must obligate their TANF transfers within two years and liquidate those obligations within three years). Funds reported in column (C) of Line 6 must also be reported in the categorical amounts entered in column (C) for other lines on the ACF-696.

States wishing to transfer funds back to the TANF block grant must do so within the two-year obligation period for CCDF Discretionary funds.

*Table 14: Explanation of Column Entries for Line 6*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
6. TRANSFER FROM TANF			Enter the cumulative amount transferred from TANF into the CCDF Discretionary fund for the FY for which the report is being submitted.			

### Line 7 - Unobligated Balance

Enter the amount of unobligated Federal funds for the FY for which the report is being submitted. For States requesting Matching funds, amounts reported in column (A) – Mandatory funds, must be obligated by the end of the first year<sup>5</sup>. Amounts reported in column (B) – Matching funds, and remaining unobligated after the one-year obligation period will be returned to the Federal government and re-distributed. Amounts that are reported in columns (C) and (E) – Discretionary funds and Discretionary Disaster Relief funds, and remain unobligated after the two-year obligation period, will be returned to the Federal Government. [See obligation/liquidation period requirements on P.5]

*Table 15: Explanation of Column Entries for Line 7*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONAR Y FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
7. UN- OBLIGATED BALANACE	Enter the amount of unobligated Federal Mandatory funds for the FY for which the report is being submitted.	Enter the amount of unobligated Federal Matching funds for the FY for which the report is being submitted.	Enter the amount of unobligated Federal Discretionary funds for the FY for which the report is being submitted.		Enter the amount of unobligated Federal Discretionary Disaster Relief funds for the FY for which the report is being submitted.	Enter the amount of unobligated Federal Discretionary Disaster Relief Construction and Renovation funds for the FY for which the report is being submitted.

### **Line 8 - Federal Funds Requested<sup>6</sup>**

This is the estimate of Federal Mandatory, Matching, and Discretionary CCDF funds (Columns A, B, and C) being requested for the next reporting quarter. (This date is entered as the Next Quarter Beginning date in upper right hand corner of report.) All amounts reported on Line 8 are estimates of obligations or expenditures to be made during the quarter indicated based on the best information available to the State. The ACF-696 is not used to request Discretionary Disaster Relief CCDF funds (Columns E and F).

States may request up to 35% of their grant award allocation by the end of the 1<sup>st</sup> quarter, up to 70% of their allocation by the end of the 2<sup>nd</sup> quarter, and up to 85% of their allocation by the end of the 3<sup>rd</sup> quarter. Cash advances from PMS are limited to the minimum amounts needed and should be timed to be in accord with the actual immediate cash requirements of the State.

*Table 16: Example of Dates for Federal Funds Requested*

<sup>5</sup> Amounts reported in column (A) – Mandatory funds and remaining unobligated after the one-year obligation period will be returned to the Federal government, if the State has requested Matching funds.

<sup>6</sup> Cash Management Improvement Act (CMIA), 31 CFR Part 205

Period Ending	Next Quarter Beginning	Federal Funds that can be Requested
06/30/20	10/01/20	up to 35% of grant award
09/30/20	01/01/21	up to 70% grant award
12/30/20	04/01/21	up to 85 % of grant award
03/30/21	07/01/21	100% grant award

*Table 17: Explanation of Column Entries for Line 8*

	(COLUMN A) MANDATORY FUNDS	(COLUMN B) MATCHING FUNDS	(COLUMN C) DISCRETIONARY FUNDS	(COLUMN D) MOE	(COLUMN E) DISCRETIONARY DISASTER RELIEF FUNDS	(COLUMN F) DISCRETIONARY DISASTER RELIEF FUNDS— CONSTRUCTION AND RENOVATION
8. FEDERAL FUNDS REQUESTED <sup>7</sup>	Enter the State estimate of Federal Mandatory funds needed for the quarter beginning after submission of this report.	Enter the State estimate of Federal Matching funds needed for the quarter beginning after submission of this report.	Enter the State estimate of Federal Discretionary funds needed for the quarter beginning after submission of this report.			

## RECONCILIATION OF PAYMENT INFORMATION

Reconciliation of payment information will be required on all grants beginning with Federal Fiscal Year 2017.

To improve grant closeouts, financial transparency and financial management, grant recipients should perform a reconciliation of expenditures reported on the ACF-696 and cash receipts and disbursement reported at the Payment Management System (PMS).

Payment data can be updated by the grantee's designated PMS user which will then be reviewed by ACF on a regular basis. To submit a Final ACF-696 report via OLDC the Federal funds expended must be reconciled to Federal cash received and disbursed. Payment data is an aggregate of all mandatory, matching, discretionary, discretionary disaster relief funds, reallocated or redistributed funding. It is also cumulative.

<sup>7</sup> These estimated funds are for the quarter beginning after the submission of this report. For example, if the report quarter ends on September 30, then the beginning date of the next quarter beginning after submission of this report will be January 1.

The imported data from PMS will be from Form SF-425, the “Federal Financial Report (FFR):” Line 10a, Cash Receipts and Line 10b: Cash Disbursements.

From the instructions accompanying Form SF-425:

Line 10a: Cash receipts line includes the cumulative amount of actual cash received from the Federal agency (PMS) as of the reporting period end date.

Line 10b: Cash disbursements line includes the cumulative amount of Federal fund disbursements (such as cash or checks) as of the reporting period end date.

Disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of the cash advances and payments made to subrecipients and contractors.

*For the Final Form ACF-696 to be considered reconciled: (1) Lines 10a and 10b from Form SF-425; and (2) Line 3 column A plus Line 3 Column B plus Line 3 column C plus Line 3 column D plus Line 3 Column E from Form ACF-696 must each be the same amount.*

An example is necessary for additional clarity.

Suppose that a grantee is awarded \$10,000,000 in Mandatory funding, \$5,000,000 in Matching funding and \$7,000,000 in Discretionary funding.

**Case 1 Insufficient Reimbursement:** When the final report is due the grantee has received a total amount of payments (line 10a of the SF-425) in the amount of \$19,000,000 and has reported disbursing \$19,000,000 (line 10b of the SF-425). When the grantee sums their Mandatory, Matching, and Discretionary Federal share of expenditures the total amount is \$22,000,000. The form is not reconciled. The grantee must request payment from their PMS account of an additional \$3,000,000, so their Federal cash receipts and disbursements are sufficient to meet their reported Federal expenditures.

**Case 2 Excess Advance:** When the final report is due the grantee has received a total amount of payments (line 10a of the SF-425) in the amount of \$19,000,000 and has reported disbursing \$19,000,000 (line 10b of the SF-425). When the grantee sums their Mandatory, Matching, and Discretionary Federal share of expenditures the total amount is \$18,000,000. The form is not reconciled. The grantee must return payment of the \$1,000,000 to their PMS account to bring the payments in line with the expenditures.

**Case 3 and 4 Update Information:** When the final report is due the grantee has received a total amount of payments (line 10a of the SF-425) in the amount of \$19,000,000 and has reported disbursing \$22,000,000 (line 10b of the SF-425). When the grantee sums their Mandatory, Matching, and Discretionary Federal share of expenditures the total amount is \$19,000,000. The form is not reconciled. The grantee must reconcile the different amounts being reported as received and as disbursed on Form SF-425 with the amount being reported as expended on Form ACF-696. This may require revising one or both reporting forms.

**Case 5 the Payments, Disbursements and Expenditures Match:** When the final report is due the grantee has received a total amount of payments (line 10a of the SF-425) in the amount of

\$22,000,000 and has reported disbursing \$22,000,000 (line 10b of the SF-425). When the grantee sums their Mandatory, Matching, and Discretionary Federal share of expenditures the total amount is \$22,000,000. The form is reconciled. Once submitted the form will confirm that the grant is reconciled and ready for closeout actions within the next 180 days.

## REDISTRIBUTION AND REALLOTMENT OF FUNDS

**Redistributed Matching Funds:** Any unobligated portion of a State’s Matching fund grant will be redistributed to requesting States that have met the requirements for Matching funds in the period for which the grant was first made. Redistributed Matching funds are considered part of the grant for the fiscal year in which the redistribution occurs, and are subject to obligation/liquidation requirements for that grant award year.

For the quarter ending September 30 report, States should mark **YES** if the State wants to request any redistributed Matching funds. A State requesting redistributed Matching funds may indicate if they wish to limit the amount received to a specific amount due to State funding limitations.

**Reallotted Discretionary Funds:** Any unobligated Discretionary funds will be reallotted to requesting States in proportion to the original allotments. Unlike reallotted Matching funds, reallotted Discretionary funds must be obligated and liquidated in the applicable periods for which they were originally awarded. For the quarter ending March 31 report, States should mark “YES” if the State would like to request any reallotted Discretionary funds should they become available.

**Please Note:** If reports are not received within 30 days after the end of the quarter (10/31 and 4/30 respectively), the State **will not** be eligible for reallotted funds.

## SIGNATURES

This report must be signed and dated in the space provided, including the title, agency and phone number of the individual whose signature is shown.

**NOTE:** The individual who signs this report is certifying that: (a) the information provided on all parts of this form and all accompanying documents is accurate and correct; and (b) that any amount shown as the State share of obligations is or will be available to meet the non-Federal share as prescribed by law.

## SUPPLEMENTAL INFORMATION

### Restrictions on Use of CCDF Funds:

- Construction – No funds may be expended for the purchase, construction, or permanent improvement of any building or facility (with the exception of CCDF Discretionary

Disaster Relief Funds, which may be used for renovating, repairing, and rebuilding child care facilities, subject to ACF approval). CCDF funds may be expended for minor remodeling to assure child care providers meet State and local standards. [See CCDF regulations at 45 CFR 98.56(b)]

- Tuition Restriction – CCDF funds may not be used for students enrolled in grades 1 – 12 for services provide during the regular school day, services for which students receive academic credit or instruction services that supplant the program of any public or private school. (45 CFR 98.56(c))
- Sectarian Purposes – CCDF funds may not be expended for any sectarian purpose or activity. However, CCDF funds provided through child care certificates (vouchers) may be expended for sectarian purposes or activities including sectarian instruction or worship provided as part of child care services. (45 CFR 98.56(d))

**Audits:** Lead Agencies are subject to audits in accordance with 2 CFR Part 200 Subpart F and 45 CFR Part 75 Subpart F and the Single Audit Act Amendments of 1996. The OMB Circular A-133 CCDF Compliance Supplement (CFDA 93.575; CFDA 93.596) outlines audit procedures and allowable activities.

**Penalties:** If a State fails to substantially comply with the CCDBG Act, the CCDF regulations, and the CCDF Plan, HHS may take a disallowance of the improperly expended funds or take a deduction of an amount equal to or less than the improperly expended funds from the administrative portion of the State allotment for the following fiscal year. (45 CFR 98.66; 45 CFR 98.92)

**Sanctions:** In addition the imposition of penalties, HHS may impose sanctions to disqualify the Lead Agency from the receipt of further CCDF funding or an assessment of a penalty. (45 CFR 98.92(b))

## **PAPERWORK REDUCTION ACT OF 1995**

Public reporting for this collection of information is estimated to average 5 hours per response, including the time for reviewing instructions, gathering and maintaining the data needed, and reviewing the collection of information. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.