



**Supplemental Child Care and Development Fund (CCDF)
Discretionary Awards to States, Territories, and Tribes
Under the American Recovery and Reinvestment Act of 2009**

Frequently Asked Questions

- Q:** What are the general purposes of the American Recovery and Reinvestment Act of 2009 (Recovery Act)?
- A:** The general purposes of the Recovery Act include the following: (1) to preserve and create jobs and promote economic recovery; (2) to assist those most impacted by the recession; (3) to provide investments needed to increase economic efficiency by spurring technological advances in science and health; (4) to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and (5) to stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.
- Q:** What is the total amount of funds that is available under the Recovery Act to CCDF Lead Agencies?
- A:** The Recovery Act provides an additional \$2 billion in FY 09 CCDF Discretionary Funds to State, Territory, and Tribal Lead Agencies. These funds are in addition to the FY 09 CCDF Discretionary Funds provided by the regular appropriation process. Monies provided under the Recovery Act are one-time funds.
- Q:** How can the CCDF funds be used?
- A:** The funds can be used for allowable CCDF purposes. The Recovery Act provides CCDF Lead Agencies with an important opportunity to assist those most impacted by the recession through the provision of funds to expand services to additional children and families facing difficult economic circumstances. The Recovery Act also provides supplemental targeted funding for investments to improve the quality of child care to support the health and well-being of children.
- Q:** How will the amount of funds for each State, Territory, and Tribal Lead Agency provided by the Recovery Act be determined?
- A:** CCDF Lead Agencies will receive allotments under the Recovery Act based on the FY 09 allocation formula for the CCDF Discretionary Fund. State and Territory allotments for the Discretionary Fund are determined by the formula outlined in section 658O(b) of the Child

Care and Development Block Grant (CCDBG) Act while Tribal allocations are based on child counts. In accordance with Section 6580(a) of the CCDBG, one half of 1 percent of the total amount appropriated is allotted to Territories and 2 percent allotted to Tribes. Allocation tables for the State, Territory, and Tribal CCDF Lead Agencies, including targeted funds for quality activities are available at www.acf.hhs.gov/programs/ccb/law/funding/allocations.htm.

Q: How will States, Territories, and Tribes be notified that the funds are available to them?

A: A separate Notice of Grant Award will be sent to State, Territorial, and Tribal Lead Agencies that will specify the total amount of supplemental FY 09 CCDF Discretionary Funds awarded to them under the Recovery Act.

Q: Is there a way in which to distinguish the supplemental FY 09 CCDF Funds provided by the Recovery Act from the other FY 09 CCDF Funds?

A: Yes. A new Catalogue of Federal Domestic Assistance (CFDA) profile and number have been assigned to the supplemental FY09 CCDF Funds (i.e., 93.713 ARRA – Child Care and Development Block Grant) and is available at: <http://www.cfda.gov/>. The “ARRA - Child Care and Development Block Grant” is a part of the Child Care and Development Fund (CCDF) program, along with Child Care Discretionary Funds (CFDA number 93.575) and the Child Care Mandatory and Matching Funds (CFDA number 93.596).

Q: Will the Recovery Act provide supplemental CCDF Discretionary Funds in FY 2010?

A: No. The supplemental FY 09 CCDF Discretionary Funds provided under the Recovery Act of 2009 are one-time funds.

Q: Where can I find specific statutory and regulatory information related to the use of the supplemental FY 09 CCDF Discretionary Funds?

A: The CCDBG Act, as amended, (42 U.S.C. 9858 et seq) and section 418 of the Social Security Act are available at www.acf.hhs.gov/programs/ccb/law/ccdbgact/index.htm. 45 CFR Parts 98-99 and 63 FR 39936-39998 can be found at www.acf.hhs.gov/programs/ccb/law/finalrul/index.htm.

Q: Where can I find the full text of The American Recovery and Reinvestment Act of 2009 (Recovery Act)?

A: The full text of the Recovery Act is available at http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h1enr.pdf.

Q: Where can I find more information about the status of programs and activities funded by the Recovery Act?

A: The main vehicle for information about the Recovery Act and to track the use of funds by government agencies is www.Recovery.gov. Information about programs receiving funds under the Recovery Act that are provided by the U.S. Department of Health and Human Services is available at <http://www.hhs.gov/recovery/>. Many States now have their own recovery web sites/web pages that help explain how they are spending funds allocated by the Recovery Act. State recovery information can be accessed at <http://www.recovery.gov/?q=content/state-local-tribal-and-territorial-resources>.

Q: Is there a “match” requirement in order to receive the supplemental FY 09 CCDF Funds?

A: No. The supplemental FY09 CCDF Funds are Discretionary Funds; these are 100 percent Federal funds. There is no Match requirement associated with the supplemental grant award.

Q: Is there a non-supplantation requirement that applies to the supplemental FY 09 CCDF Funds?

A: Yes. The Recovery Act requires that Discretionary CCDF funds made available under the law must be used to supplement, not supplant State general revenue funds for child care assistance to low-income families. This is an existing requirement for Discretionary CCDF funds and is included in the terms and conditions detailed in the grant award notification. By accepting the grant award, the State is providing an assurance that funds will be used to supplement, not supplant State general revenue funds for child care assistance to low-income families. ACF oversight of this requirement will be consistent with monitoring, non-compliance, and complaint policies outlined in 45 CFR Part 98 Subpart J of CCDF regulations. Additionally, States are subject to audit requirements at 45 CFR 98.65 of CCDF regulations. The non-supplantation requirement also applies to Territorial and Tribal grantees.

A State will be considered to have satisfied the “supplement not supplant” requirement if the State has not made administrative or legislative changes to reduce the amount of general revenue funds for child care assistance to low-income families below the amount the State would have spent under State law and policies in place on the date of enactment of the Recovery Act. If State general revenue funds for child care assistance fall below this amount it will be presumed to constitute supplantation unless the State can demonstrate that the reduction was not due to the availability of additional Federal funds included in the Recovery Act and does not violate the non-supplantation requirement. (States that made legislative or policy changes prior to the enactment of the Recovery Act but implemented these changes after the date of enactment are not considered to have violated the non-supplantation requirement.) States wishing to propose an alternative rationale demonstrating compliance with the non-supplantation requirement should submit a detailed justification in writing to the ACF Child Care Bureau. We will make every effort to respond to these submissions as quickly as possible.

Q: What is the date of enactment of the Recovery Act?

A: The date of enactment was February 17, 2009.

Q: What are the obligation and liquidation requirements for the supplemental FY 09 CCDF Funds under the Recovery Act?

A: Supplemental FY 09 CCDF Funds provided by the Recovery Act may be obligated in FY 2009 and FY 2010. However, all supplemental funds must be obligated by September 30, 2010. This is consistent with existing CCDF regulations for obligation of CCDF Discretionary Funds. CCDF Lead Agencies have until September 30, 2011 to liquidate the FY 09 CCDF Funds including the supplemental FY 09 CCDF Funds provided by the Recovery Act. CCDF Lead Agencies may claim expenditures of supplemental FY 09 CCDF Discretionary Funds for obligations and liquidations made in the child care program beginning on October 1, 2008.

Q: Do the supplemental FY 09 CCDF Funds under the Recovery Act contain targeted funds for quality?

A: Yes. State and Territory CCDF Lead Agencies (not Tribes) must use approximately \$255 million of the supplemental FY 09 CCDF monies for quality activities authorized under section 658G of the CCDBG. Of the \$255 million, approximately \$94 million must be used for activities to improve the quality of infant and toddler care. The targeted funds for quality activities provided by the Recovery Act are in addition to the 4 percent minimum quality requirement in the CCDBG. The targeted fund requirements do not apply to Tribal CCDF Lead Agencies.

Q: Is there a requirement to spend a certain amount of the supplemental FY 09 CCDF Funds provided by the Recovery Act on activities to improve the quality of child care?

A: Yes. CCDF regulations require that States, Territories, and non-exempt Tribes (receiving total CCDF allocations of at least \$500,000) use a minimum of 4 percent of the aggregate amount of CCDF funds for activities to improve the quality of care (45 CFR 98.50(c)).

Q: Are CCDF Lead Agencies required to include information in CCDF Plans regarding use of the supplemental FY 09 CCDF Funds provided under the Recovery Act?

A: Yes. Any substantial change(s) made by a CCDF Lead Agency to the CCDF program requires an amendment to the approved CCDF Plan per CCDF regulations (45 CFR 98.18(b)). A CCDF Lead Agency making changes to the child care program prior to October 1, 2009 as a result of supplemental funding under the Recovery Act (e.g., changes to payment rates, income eligibility guidelines, sliding fee scales) should submit an amendment to the FY 2008-2009 CCDF Plan within 60 days of the effective date of the change. ACF will make determinations on amendments no later than 90 days following the date on which the amendment is received. Programmatic changes occurring after FY 2009 should be incorporated into the FY 2010-2011 CCDF Plan.

Q: Will State, Territory, and Tribal CCDF Lead Agencies be required to submit additional reports related to the supplemental FY 09 CCDF Funds provided by the Recovery Act?

A: Yes. The Recovery Act includes provisions to ensure transparency and accountability for all funds made available by the law. Information on expenditures from stimulus funding will be made available to the public through the website <http://www.recovery.gov/>. This includes specific reporting requirements for all recipients of funds under the Recovery Act, including State, Territory, and Tribal CCDF Lead Agencies. ACF plans to issue follow-up guidance specifically addressing any Recovery Act-related data reporting requirements pertaining to the CCDF program. In the interim, CCDF Lead Agencies should take note of the required recipient reports as specified in the Recovery Act (see excerpt below) and begin steps to ensure information will be available to report:

Title XV, Subtitle A (P.L. 111-5) - Sec. 1512 Report on the Use of Funds

c) Recipient Reports- Not later than 10 days after the end of each calendar quarter, each recipient that received recovery funds from a Federal agency shall submit a report to that agency that contains--

- (1) the total amount of recovery funds received from that agency;*
- (2) the amount of recovery funds received that were expended or obligated to projects or activities; and*
- (3) a detailed list of all projects or activities for which recovery funds were expended or obligated, including--*
 - (A) the name of the project or activity;*
 - (B) a description of the project or activity;*
 - (C) an evaluation of the completion status of the project or activity;*
 - (D) an estimate of the number of jobs created and the number of jobs retained by the project or activity; and*
 - (E) for infrastructure investments made by State and local governments, the purpose, total cost, and rationale of the agency for funding the infrastructure investment with funds made available under this Act, and name of the person to contact at the agency if there are concerns with the infrastructure investment.*
- (4) Detailed information on any subcontracts or subgrants awarded by the recipient.*

On April 1st, 2009, OMB published a Federal Register notice (<http://edocket.access.gpo.gov/2009/pdf/E9-7317.pdf>) seeking public comment on proposed data elements and instructions to be used to collect Sec.1512 information from ARRA recipients

Q: Will there be new financial reporting requirements for State, Territory, and Tribal CCDF Lead Agencies related to the Recovery Act?

A: Yes. The Recovery Act requires efforts to ensure transparency and accountability, therefore, Federal agencies and recipients of funds are required to track and report separately on expenditures from funds made available by the stimulus bill. CCDF Lead Agencies will be required to submit reports detailing categorical expenditures from the supplemental FY 09 CCDF Discretionary Funds. ACF will be issuing additional guidance regarding specific reporting requirements for the stimulus funds.

Q: How much of the supplemental FY 09 CCDF Funds provided by the Recovery Act can be used by CCDF Lead Agencies for administrative costs?

A: CCDF regulations require that States and Territories use no more than 5 percent of the aggregate amount of CCDF expenditures for administrative activities (45 CFR 98.50(d)). The administrative cap for Tribes is 15 percent (45 CFR 98.83(g)).

Q: How will compliance with the minimum expenditure for quality improvements and the limit on administrative costs be determined by ACF?

A: ACF will determine compliance with the minimum quality requirement and the limitation on administrative costs based on the aggregate amount of funds expended (includes Discretionary, Mandatory, and Federal and State Share of Matching Funds for States; Discretionary only for Territories; and Discretionary and Mandatory for Tribes) from the fiscal year's allotment. The aggregate amount includes both the FY 09 CCDF Funds grant award and the supplemental FY 09 Discretionary award as indicated by the totals from the Lead Agency's FY 2009 ACF-696 or ACF-696T final reports.

Q: How could the receipt of supplemental FY 09 CCDF Funds under the Recovery Act affect the exempt or non-exempt status of Tribes?

A: The final FY 2009 CCDF funding allocations, which will include the supplemental FY 09 CCDF Funds, may cause some Tribes that currently have "exempt" status to become "non-exempt." Tribal Lead Agencies with CCDF allocations equal to or greater than \$500,000 for a fiscal year are considered non-exempt grantees. Non-exempt Tribal Lead Agencies must: 1) use at least 4 percent of the aggregate CCDF funds expended for a fiscal year for quality activities; and 2) operate a certificate program that offers parental choice from the full range of providers (i.e., center-based, group home, family, and in-home care). A Tribal Lead Agency that moves from exempt to non-exempt status has a phase-in period of one year to meet the CCDF non-exempt requirements. The one year period begins with the issuance date of the grant award letter indicating that a Tribe's final allocation is equal to or greater than \$500,000. A non-exempt Tribal Lead Agency must describe how it is meeting non-exempt requirements in its FY 2010-2011 CCDF plan, including Plan sections 1.4 (quality funds), 3.1 (description of child care services), 3.2 (payment rates), 3.6 (certificate payment system), and 5.1-5.2 (activities and services to improve the quality of child care).

Q: Will ACF provide technical assistance to States, Territories, and Tribal CCDF Lead Agencies on the use of funds provided by the Recovery Act?

A: Yes. In accordance with regulation, one quarter of 1 percent of the CCDF funding made available under the Recovery Act will be used by the ACF, Child Care Bureau to provide national technical assistance activities to help States, Territories, and Tribes administer the CCDF program. The Child Care Bureau's Regional Program Managers will provide information resources and technical assistance to CCDF Lead Agencies when planning how to best utilize the supplemental FY 09 CCDF Funds available from the Recovery Act. Information and technical assistance provided by the Regional Program Managers will be

supported by the Child Care Bureau's Child Care Technical Assistance Network (CCTAN). A list of the ACF Regional Offices and contact information for the Regional Program Managers is available at www.acf.hhs.gov/programs/ccb/ta/raaddr/program_managers.htm. For information on the CCTAN, see www.acf.hhs.gov/programs/ccb/ta/cctan.htm.

Q: Are there other ACF programs receiving funds under the Recovery Act?

A: Yes. The Recovery Act is providing supplemental appropriations for the following ACF programs as part of the stimulus package: \$1 billion for Head Start; \$1.1 billion for expansion of Early Head Start; \$5 billion for the Temporary Assistance for Needy Families; \$187 million and \$89 million respectively for the Title IV-E Adoption Assistance and Foster Care Programs; \$1 billion for the Community Services Block Grant Act program; \$50 million for New Capacity-Building Initiatives; and an estimated \$1 billion for Child Support Enforcement Incentives.

Q: Who should I contact if I have more questions about the supplemental FY 09 CCDF Funds provided by the Recovery Act for CCDF Lead Agencies?

A: Please direct inquiries to the Child Care Bureau's Regional Program Manager in the appropriate ACF Regional Office. A list of the regional offices and contact information is available at www.acf.hhs.gov/programs/ccb/ta/raaddr/program_managers.htm.

Child Care Bureau – June 2009