

THE CHILD CARE AND DEVELOPMENT FUND

PROPOSED RULE: OVERVIEW

BACKGROUND

The Child Care and Development Fund (CCDF) is a federal program that provides approximately \$5 billion to States, Territories, and Tribes to help low-income working families obtain child care and to improve the quality and supply of child care for all families. The program has far-reaching implications for America's poorest children with approximately 1.6 million low-income children receiving child care subsidies per month.

The new proposed rule would provide the first comprehensive update of CCDF regulations since 1998. The changes have the twin goals of promoting families' economic self-sufficiency by making child care more affordable, and fostering healthy child development and school success by improving the quality of child care. This NPRM is needed to improve accountability broadly across many areas of the CCDF program, but is especially focused on ensuring children supported by CCDF funds are in safe, healthy, quality child care, and empowering parents with transparent information about the child care choices available to them.

We hope you find this overview helpful, but it is only intended to provide summary information on some key points. For complete context and understanding, we encourage everyone to read the entire NPRM which was published in the Federal Register on May 20, 2013¹. Comments about the NPRM can be submitted to <http://www.regulations.gov/> during the public comment period, which is open until August 5, 2013.

KEY PROVISIONS OF THE PROPOSED RULE

While keeping State Flexibility as a guiding principle, the NPRM focuses on the following four priority areas: (1) improving health and safety; (2) improving the quality of child care; (3) establishing family-friendly policies; and 4) strengthening program integrity.

1. IMPROVING HEALTH AND SAFETY IN CHILD CARE: Many States have already taken steps to ensure health, safety, and quality of child care and to better prepare children to succeed in school. However, State policies vary widely and critical gaps remain. Too many children served by the CCDF program are in settings that don't meet adequate health and safety standards. This proposed rule would establish a floor for these standards by:

Strengthening Minimum Standards: The proposed rule would require States to incorporate a minimum set of standards for all child care providers² serving CCDF children (whether or not they are licensed by the State) to include: (1) Comprehensive criminal background checks (including fingerprints); (2) Compliance with applicable state and local fire, health, and building codes, determined before serving children receiving subsidies; (3) Emergency preparedness and response planning; and (4) Minimum pre-service and orientation trainings (e.g. first aid, CPR, SIDS prevention, nutrition, etc.).

Strengthening Monitoring: The rule would require that all child care providers serving CCDF children be subject to on-site monitoring (including unannounced visits) by the State for compliance with minimum standards³. The

¹ <https://www.federalregister.gov/articles/2013/05/20/2013-11673/child-care-and-development-fund-ccdf-program>

² States have the option of exempting relative care providers from these health and safety requirements, and the proposed rule would also allow exemptions for care provided in the child's home.

³ States would be able to exempt care by relatives or in the child's home and may also target based on a risk analysis.

proposed rule also says that States cannot rely solely on self-certification (e.g. a checklist filled out by the provider without documentation or other verification) to prove compliance with requirements.

Hotline for Parents: The rule would require States to designate a hotline for parents to submit complaints about child care providers. States would be required to conduct an unannounced visit in response to any complaint pertaining to the health and safety of children receiving CCDF services.

2. IMPROVING THE QUALITY OF CHILD CARE: CCDF invests \$1 billion on improving the quality of child care. This proposed rule would make sure that this money is spent in an intentional and effective manner to improve quality. CCDF currently requires States to collect and disseminate consumer education that will promote informed child care choices. However, States are not required to provide information about the actual quality of child care providers available to parents in their communities. The NPRM addresses this issue by:

Equipping Parents with Better Information: One of the pillars of CCDF is parental choice. OCC believes that in order for parents to make truly informed decisions, they need to have access to specific information on their provider options. This rule would require States to make information available to parents on any licensing or health and safety violations, including:

- **A user-friendly, easy-to-understand website** containing provider-specific information about compliance with health and safety requirements;
- **A transparent system of quality indicators** to provide parents with a way to differentiate the quality of child care providers available in their communities through a rating or other descriptive method.

Encouraging a Systemic Framework for Quality: States will be encouraged to implement a systemic approach for organizing and measuring quality improvement activities through a “recommended” framework.

3. IMPLEMENTING FAMILY-FRIENDLY POLICIES: Many CCDF families have difficulty accessing child care subsidies in a stable manner, often receiving assistance for a short period of time and frequently cycling on and off the program. The proposed rule to make the program more family-friendly by:

Establishing a 12-month Eligibility Redetermination Periods: The proposed rule would reduce the burden on families by requiring that CCDF eligibility be redetermined no sooner than every 12 months.

Reducing Eligibility Re/Determination Burden: Once a child is deemed eligible, the proposed rule would allow States to consider that child eligible until redetermination. This eases the burden on families that currently have to frequently report changes in circumstances. This also facilitates States’ ability to align eligibility processes with other programs (e.g. Medicaid, CHIP, and SNAP).

Allowing for Job Search: The proposed rule would require States to allow some period of job search for families who lose their jobs while receiving CCDF. Two-thirds of States currently have these policies. The proposed rule would require the rest of the States to adopt this policy, though they would have flexibility to determine the length of job search they choose to allow.

Expanding Access through Protective Services: The proposed rule would expand States’ ability to include specific groups of vulnerable children in the protective services category (e.g., homeless or migrant children). Under this category, income and co-pay requirements may be waived on a case-by-case basis.

Parent Co-payments: The proposed rule would also allow States to establish their own criteria for waiving parent-co-payments. Currently, they can co-payments from families whose incomes are at or below the poverty level of a family of the same size. This change would increase State flexibility to determine waiver criteria that

they believe will best serve subsidy families. For example, a Lead Agency could use this flexibility to target particularly vulnerable populations, such as homeless families or migrant workers, or to better align services for children dually funded through both CCDF and Head Start.

4. STRENGTHENING PROGRAM INTEGRITY: CCDF currently requires States to conduct error rate reviews and report regularly on the amount of improper payments. The NPRM addresses this by:

Strengthening Requirements: The proposed rule would add requirements related to internal controls, procedures for identifying fraud, and procedures for documenting and verifying eligibility.

Requiring Corrective Action Plans for High-Error States: The proposed rule would strengthen program integrity by requiring States with high improper payment rates to develop a plan for reducing those rates.