Overview of 2016 Child Care and Development Fund Final Rule

The 2016 Child Care and Development Fund Final Rule updates regulations to incorporate, and in some cases clarify, changes made through the Child Care and Development Block Grant Act of 2014.

Background

The Child Care and Development Fund (CCDF) is the primary Federal funding source devoted to providing low-income families that are working or participating in education and training with help paying for child care and improving the quality of care for all children. It provides child care financial assistance for 1.4 million children each month throughout the United States, U.S. Territories and Tribal Nations. A majority of these children are under the age of five, allowing CCDF to support early childhood education and care for hundreds of thousands of young children. Additionally, CCDF investments in improving the quality of care benefit millions more of the nation's children who do not receive a child care subsidy but participate in child care programs that benefit from these quality investments, such as teacher training.

On November 19, 2014, President Obama signed bipartisan legislation that comprehensively updated the Child Care and Development Block Grant (CCDBG) Act for the first time in nearly twenty years. The law made many important statutory changes focused on strengthening child care to better support the success of both parents and children, while also providing a new emphasis on the importance of providing high-quality early education and care for our youngest learners.

This final rule updates CCDF regulations for the first time since 1998. The rule applies to states, territories and tribes administering CCDF and incorporates and clarifies changes made through the bipartisan CCDBG Act. It also is reflective of helpful comments received on the Notice of Proposed Rulemaking (NPRM) published in December 2015. Throughout the final rule, ACF responds to the more than 150 comments received during the public comment period and makes changes where appropriate. Where possible, it also aligns child care requirements with new Head Start regulations, including certain requirements for background checks and health and safety trainings for staff.

Below is a brief summary of the major changes in the CCDBG Act and the final rule, in the following categories:

1) protect the health and safety of children in child care;
2) help parents make informed consumer choices and access information to support child development;
3) support equal access to stable, high quality child care for low-income children; and
4) enhance the quality of child care and better support the workforce.

Protect the health and safety of children in child care

Prior to the new law, health and safety standards varied widely across states and left critical gaps. The Act and this rule establish a baseline for health, safety, and quality to ensure children are adequately protected and are in nurturing environments that support their healthy growth and development.

The requirements include, but are not limited to:

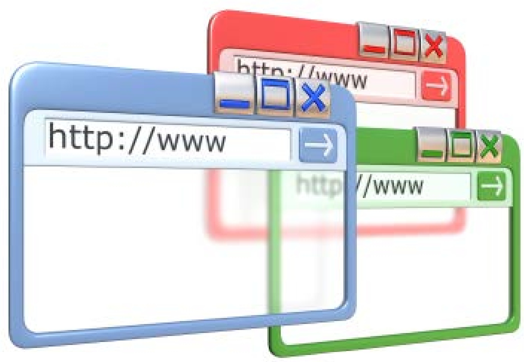
- Annual monitoring for CCDF licensed and license-exempt providers and a pre-licensure inspection for licensed CCDF providers;
- Health and safety requirements and training on ten basic topics (such as first aid and CPR), to which the final rule adds "reporting and recognition of child abuse and neglect" and "child development training" and points to Caring for Our Children Basics as a recommended baseline for minimum health and safety standards;
- Comprehensive background checks for child care staff members (including prospective child care staff members and individuals with unsupervised access to children) of all licensed and CCDF-eligible providers (which includes licensed providers who do not receive CCDF funds); and
- Allowing provisional hiring under certain conditions, aligned with Head Start provisional hiring requirements that include important protections for children.

States may exempt child care providers from the health and safety requirements if the providers are only serving children to whom they are related.

Help parents make informed consumer choices and access information to support child development

A key pillar of CCDF is parental choice, and providing families clear and accurate information about child care providers can help them make sound decisions for their families. The final rule, which will reach beyond those directly served by CCDF, ensures that parents have specific information on provider options and available services. This includes, but is not limited to, requiring states to:

- Disseminate information to parents, providers, and the general public on child care services and other assistance programs such as the Supplemental Nutrition Assistance Program (SNAP);
- Provide parents applying for child care assistance with information about developmental screenings that can identify any delays or disabilities. The rule recommends all children receive a developmental screening within 45 days or enrollment, similar to Head Start;
- Describe a state's policies relating to suspension and expulsion in early childhood settings, including any policies to prevent suspension and expulsion of children birth to age 5 in child care and other early childhood programs;
- Maintain a consumer education website with provider-specific information, including, if available, quality information through a Quality Rating and Improvement System or other transparent system of quality indicators;
- Post provider-specific reports and results from child care monitoring inspections in a consumer-friendly and easily accessible format;
- Provide CCDF families with a provider-specific consumer education statement that includes a summary of the state's health and safety and licensing policies;
- Post the annual number of deaths, serious injuries, and instances of substantiated child abuse that occurred in all CCDF-eligible child care settings.

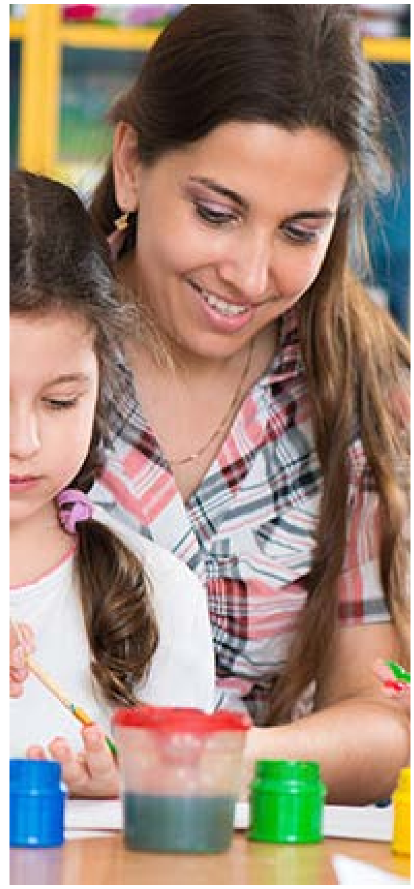


Support equal access to stable, high quality child care for low-income children

Prior to the new law, many families received subsidies for only a short period and frequently cycled on and off the program, leading to significant instability for families and breaking the adult-child attachments that are so critical for many of our youngest learners,. Provider subsidy payment rates and other policies and practices were also insufficient to allow low-income families to afford high quality care. The law and this final rule lengthen eligibility periods so families have more stable subsidies while also supporting continuity of care and relationships between children and their providers. These and other reforms in the law and rule also encourage more providers to care for children receiving subsidies. This includes, but is not limited to:

- Establishing minimum twelve month eligibility periods;
- Allowing states to end assistance prior to the end of the eligibility period only in limited circumstances: loss of job or cessation of attendance at a job training or education program, excessive unexplained absences, change in residency outside of State, and substantiated fraud or intentional program violations;

- Establishing a graduated phase-out of subsidies for families who, at eligibility redetermination, exceed initial State income thresholds but still have modest incomes; this would extend assistance until families exceed 85% of state median income or a lower income level that still accommodates some increase in family income and reasonably allows a family to continue accessing care;
- Requiring states to offer a minimum of three months of continued assistance (at least at the same level) if they choose to terminate assistance if a family suffers a non-temporary job loss or stops participating (for more than a temporary period) in training or education;
- Requiring states to take the cost of providing quality child care into account when setting provider subsidy payment rates, and to use valid methodologies to update rates at least every three years;
- Allowing the public to participate in the state's decision-making process around the setting of reimbursement rates;
- Requiring states to show how base payment rates enable providers to meet health, safety, quality, and staffing requirements;
- Providing for affordable co-payments that are not a barrier to families' ability to access quality care and requiring states to monitor, and limit if applicable ,any additional fees a provider may charge above the copayment; and
- Building the supply and quality of care for priority and vulnerable populations, including promoting services for children experiencing homelessness.



Enhance the quality of child care and the early childhood workforce

Despite extensive research on how early learning shapes brain development, many children are in child care settings that do not lay a strong foundation for future learning and life, or do not have access to stable, quality child care. The law and rule address these concerns, in part, by the following:

- Gradually increasing (over a five year period) the proportion of funds States must use for quality from four percent to nine percent and adding a new three percent infant-toddler set aside;
- Requiring states to have training and professional development requirements tied to a progression of professional development for CCDF providers; and
- Prioritizing populations with high-concentrations of poverty & unemployment

Changes for Tribal Grantees

The new law did not explicitly apply many provisions to Tribes. This final rule clarifies which provisions apply to CCDF tribal grantees. This includes, but is not limited to:

- Establishing three categories of tribal grantee sizes, based on large, medium, and small CCDF allocations, and providing greater flexibility to grantees with lower levels of funding; and
- Allowing tribes the flexibility to consider any Indian child in the Tribe's service area to be eligible to receive CCDF funds if a tribe's median income is below an amount established by the Secretary.