

Overview of CCDF 2015 Notice of Proposed Rulemaking (NPRM)

BACKGROUND: The Child Care and Development Block Grant (CCDBG) Act is the law (along with Section 418 of the Social Security Act) that authorizes the federal child care subsidy program known as the Child Care and Development Fund (CCDF). It 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 to improving the quality of care for all children. The CCDF program helps fund child care assistance for 1.4 million children under age 13 each month throughout the United States, U.S. Territories, and Tribal communities. Additionally, CCDF investments in quality benefit millions more children in non-CCDF child care.

On November 19, 2014, President Obama signed into law bipartisan legislation that reauthorizes the CCDBG Act for the first time since 1996. The new law makes significant advancements focused on strengthening child care in this country to better support the success of both parents and children. The strengthened CCDBG Act of 2014 seeks to better balance the goals of promoting children's healthy development, safety, and school readiness while also supporting parents who are working or in training or education.

PROPOSED REGULATORY CHANGES IN RESPONSE TO THE LAW: The proposed rule updates the existing CCDF regulations to address changes made by the CCDBG Act of 2014 and to reflect what has been learned since 1998 about the health and safety of children in subsidized care and the quality of child care settings, as well as child development. Below is a brief summary of major regulatory changes aligned to each of these provisions, including requirements of the reauthorized law that are clarified in the NPRM.

Protect the health and safety of children in child care. Prior to the new law, State standards and regulations for children in subsidized child care settings varied widely and left critical gaps in the health and safety of children. The reauthorized CCDBG Act now includes a number of new provisions to protect the health and safety of children in care; the proposed rule builds on these requirements to establish a minimum level of monitoring and requirements that will protect children in subsidized settings. These include:

- Annual monitoring requirements for CCDF licensed and licensed-exempt providers and a pre-licensure inspection for licensed CCDF providers;
- Health and safety requirements and training on basic topics for CCDF providers (e.g., first aid, CPR), including requirements to prepare child care staff to recognize and report child abuse and neglect;
- 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
- Provisional hiring of staff while background checks are being processed, provided the staff are continually supervised by an individual who has completed the background check requirements.

Help parents make informed consumer choices and access information to support child development. Families need information in order to make informed choices about who will care for their children while parents and guardians are working or in education or training. Building off the requirements in the new law, the proposed rule, when it is finalized, will ensure that parents have better information to inform their choice of child care provider that best meets their family's needs. This includes:

- Posting full provider-specific monitoring reports and results in a consumer-friendly and easily accessible format;
- Disseminating information to parents, providers, and the general public on child care services and other assistance programs;
- Requiring a consumer education website with provider-specific quality information through a quality rating and improvement system or other transparent system of quality indicators, if available for the provider;

- Making a provider-specific consumer education statement available to families receiving child care assistance; and
- Requiring States to post the annual number of deaths, serious injuries, and instances of substantiated child abuse that occurred in their subsidized child care settings.

Provide equal access to stable, high quality child care for low-income children. Prior to the new law, many families received child care subsidies for only a short period of time, frequently cycling on and off of the child care rolls and resulting in a discontinuity in care and support for children. Provider payment rates and practices were also insufficient to support equal access to quality care for low-income families and to provide reliable revenue for child care providers. The proposed rule would lengthen eligibility periods so families have more time to become financially stable and support the continuity of care and relationships between children and their providers, by:

- Establishing minimum twelve month eligibility periods to guarantee families participating in the child care subsidy system a full year of participation and support lengthening the six month eligibility period set by about half the States today;
- Establishing a graduated phaseout period for families who, at redetermination, exceed initial State income thresholds; this would extend assistance until families exceed 85% SMI or for at least one year;
- Requiring States to offer a minimum of three months of continued child care when a parent loses a job or is no longer in education or training, to ensure the families have the child care they need while they look for a new job or reengage in education or training;
- Requiring States to take the cost of quality into account when setting provider payment rates, and to use valid methodologies to update rates at least every three years; 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. The varying levels of quality in child care reflect the varying knowledge and skills of individuals working in child care. The proposed rule, when finalized, will address these concerns by (but not limited to) 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 describing allowable quality activities (e.g., training and professional development, tiered quality rating and improvement systems, etc.);
- Adding a new three percent infant-toddler set aside to dedicate needed resources for the providers serving the youngest children;
- Requiring States to have training and professional development requirements, and a progression of professional development for CCDF providers, including caregivers, teachers, and directors; and
- Requires that, to the extent practicable, training and professional development yield Continuing Education Units (CEUs) or credits to encourage individuals along pathways to higher education.

Strengthening Child Care in Tribal Communities: The proposed rule clarifies which provisions of the Act apply to CCDF tribal grantees and how tribal grantees should implement these new provisions, including:

- Requiring all Tribes to meet provisions in the law designed to enhance quality and protect the health and safety of children in child care (e.g., criminal background checks, health and safety training, monitoring) with some additional flexibility in recognition of unique tribal circumstances.
- Differentiating which other new provisions tribal grantees are required to meet based on whether they receive large, medium, or small CCDF allocations; 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.