

Webinar: Implementing the Child Care and Development Block Grant Reauthorization

FOLLOW UP Q&A

This document provides answers to questions received during the April 15th CLASP and NWLC [webinar](#) on implementing the Child Care and Development Block Grant (CCDBG) reauthorization.

Q: If there is no additional money for subsidy, but higher rates are established for child care providers, won't that mean fewer families served?

A: Yes. That is why it is so important to continue to push hard for the investments necessary to ensure that all families who need it have access to high-quality child care. It is important to have resources to both help families afford child care and to improve the quality of care, including through increased payment rates for providers.

Q: Do you foresee any issues with the increased quality set-aside if the funding remains flat as Helen indicated?

A: If a state increases the funding now set aside for quality without an increase in federal or state funding for child care, the state would have less funding to devote to other aspects of its child care program, potentially resulting in a reduction in the number of children receiving child care assistance, lower provider payment rates, and/or other cutbacks, which is again why we should be working hard for increases in child care funding at all levels.

A state could choose to use quality funds for high-quality child care services, such as through direct contracts, which could reduce the impact of cuts to direct services. However, without new funds, other quality uses may be curtailed.

Q: Does the 3 percent set aside for infants and toddlers mean there is 3 percent less funding for everyone else?

A: Currently, and prior to the reauthorization, \$109 million (approximately 2 percent of CCDBG funding) of the annual discretionary child care appropriation was set aside for states to improve the quality and supply of care for infants and toddlers. The reauthorization law expanded this set-aside and made it permanent. If there is not an increase in funds, the increase in the infant-toddler set-aside would come out of existing funding. However, states can use the set-aside to address both access to care and the quality of care by funding high-quality child care slots for infants and toddlers. States can also reexamine the way they are currently spending their funds to determine if any existing activities or uses of funds that are not now counted toward the infant-toddler set-aside could be counted.

Q: Included in your resources will there be information on what states are doing to determine the provider payment rates (i.e., who is doing a market rate study, who is using a cost estimation model, etc.)?

A: We will make this information available as states move forward.

Q: The slide says states must CONDUCT market rate studies. Does the law also require states to ACT on that market rate every three years, even if they don't fully meet the recommended rate?

A: According to the new law, states must conduct a market rate survey or an alternative methodology every three years and set subsidy payment rates in accordance with the results of the survey or alternative methodology. This requires states to conduct a new survey or alternative methodology and examine payment rates at least every three years. Currently, many states conduct market rate surveys but pay providers outdated rates based on previous surveys.

Q: Could you speak more about the advantages and disadvantages of a cost model vs. market rate survey?

A: Cost modeling is one alternative approach being used in some states. Rather than surveying the price charged for child care, cost modeling estimates the cost of providing care at varying levels of quality, based on the resources a provider needs to remain financially solvent. Cost modeling could potentially allow states to better assess the payment rates required to enable providers to sustain a high-quality program. However, it may be challenging for states to carefully implement a new method for setting rates at the same time they are making other changes required by the reauthorization law.

Market rate surveys provide data on the fees currently charged by providers in the private market, allowing states to ensure their payment rates are competitive with private-pay rates so that providers are willing to serve families receiving child care assistance. However, fees in the private market do not always reflect the full cost of providing care, particularly high-quality care and particularly in low-income communities where providers often are limited in what they can charge by what parents can pay.

Regardless of what methodology states choose to use to determine rates, it is essential that states set their rates at adequate levels and regularly update their rates to keep pace with the rising cost of providing care and remain competitive with rates in the private market. As of February 2014, only one state set its reimbursement rates at the federally recommended level. The remaining states have rates that are below this level – in many cases, substantially below this level. States should use the opportunity of this reauthorization to reassess where they are setting their rates and whether those rates are sufficient to offer families good child care options.

Q: What is the recommended federal reimbursement rate?

A: The recommended level for payment rates is the 75th percentile of current market rates. That is the rate that allows families to access 75 percent of available child care in their communities.

Q: Where do you find the federally recommended provider payment rates?

A: The 75th percentile is recommended in the federal regulations for the CCDBG law in place prior to the recent reauthorization, which were written in 1998:

<http://www.acf.hhs.gov/sites/default/files/occ/fr072498.pdf>.

Q: Are wait lists now required or optional for states?

A: Waiting lists remain optional. However, the statute requires that the Comptroller General of the United States conduct studies to determine the number of families eligible for assistance for each state, the number that have applied for assistance, the type of assistance they have requested, and whether families have been placed on a waiting list. If a state does not serve all eligible families who apply for child care assistance, it is important that it keep a waiting list of those families unable to be served. The more accurate and complete states' waiting lists are, the more useful and representative the data in the Comptroller General's study will be—and the more helpful the study will be in making the case for increased child care funding at the state and federal level.

Q: Will the requirement for annual inspection visits for non-relatives also apply to care that takes place in the child's home by a non-relative?

A: We don't think that states will require visiting providers caring for children in a child's home. However, HHS has not issued any guidance on this issues as of yet. Regulations proposed by HHS prior to the passage of the new law would have allowed states to exempt care in children's homes from some or all of the proposed CCDBG health and safety requirements, including inspections.

Q: How often will programs need to do income eligibility redetermination?

A: Once a child has been determined eligible for CCDBG assistance, the state must consider the child eligible for at least 12 months, regardless of temporary changes in the parents' work, education, or training status or income as long as the family income does not exceed 85 percent of state median income.

Q: EHS child care partnerships may call for child care to be in place for 3 years – discuss!

A: The new law requires a *minimum* of 12 months of eligibility for child care subsidies. States could choose to allow for longer eligibility periods in certain circumstances, including to facilitate Early Head Start-Child Care partnerships. In such cases, states could opt to consider children eligible for the duration of the partnership.

Q: Do states have to match CCDBG funds dollar for dollar? Can you speak about how states receive federal funds?

A: There are two sources of CCCDBG funds – discretionary and mandatory. Discretionary CCDBG funds, which are appropriated every year, are available to states without having to be matched. Mandatory CCDBG funds require a state match that is based on the state's Medicaid match rate. In addition, states must contribute maintenance-of-effort (MOE) funds in order to qualify for CCDBG. Finally, states use funds from the Temporary Assistance for Needy Families (TANF) block grant to deliver child care

assistance. States can spend TANF funds directly on child care or transfer up to 30 percent of their funds to CCDBG or a combination of CCDBG and the Social Services Block Grant (SSBG). For state MOE and matching amounts in FY 2015, see Appendix IV of [Implementing the Child Care and Development Block Grant Reauthorization: A Guide for States](#).

Q: Do we know the reason(s) for the decrease in usage of CCDBG child care?

A: Federal and state child care expenditures are at an 11-year low. With the exception of one-time funds available through the American Recovery and Reinvestment Act (ARRA), federal funding for CCDBG increased by only \$374 million between FY 2006 and 2015 while the cost of care has risen. Additionally, the amount of federal TANF funding states used for CCDBG has decreased by \$1.5 billion from 2000 to 2013. Read more in a recent CLASP brief: <http://www.clasp.org/resources-and-publications/publication-1/Spending-and-Participation-Final.pdf>

Q: Do the states have flexibility on how the background checks are implemented? For example, could a state allow a prospective employee to begin work with supervision by an individual whose background checks have already cleared?

A: The law does not address this issue. Currently, some states permit providers to care for children provisionally while background checks are being completed. For example, in some cases of immediate need, providers in California can provide care for a designated period of time while awaiting background check results and in some cases may receive retroactive pay for the time when services are requested and provided once the background checks are completed. We believe that states should consider allowing staff to work under the supervision of an employee who has been cleared by a background check, while awaiting background check results (which must be completed within 45 days of the request for the check).

Q: What information is available about how states can get additional flexibility in terms of time for implementation?

A: It is important to remember that various provisions are phased in over a three-year time period while others are applicable upon enactment of the new law. The Secretary of HHS is authorized to waive provisions or penalties in the law for up to three years (with the option of a one-year extension) based on a request from a state identifying duplicative requirements preventing the effective delivery of child care services; extraordinary circumstances, such as a natural disaster or financial crisis; or an extended period of time for a state legislature to enact legislation to implement the statute. For more details on the implementation timeline, see the Appendix II of [Implementing the Child Care and Development Block Grant Reauthorization: A Guide for States](#).

Q: Will you touch on reasons and opportunities to partner with home visiting programs?

A: While home visiting programs are designed primarily to serve children in their homes, it has been effective in [some communities](#) for these programs to partner with home-based child care providers, including family child care and family, friend and neighbor caregivers. Home visitors have a unique set

of skills and expertise, and it may be effective to use a family support-style approach while reaching out to home-based providers for monitoring purposes, particularly those who are license exempt, are caring for very small numbers of children, and are themselves isolated and low-income.

Q: There has not been much discussion or TA available on the use of grants or contracts to serve vulnerable populations. Contracts are not widely used in the states and I think that is an area that we need some help with.

A: We agree. This is an issue that we will be providing more information on. It is important that contracts be linked to higher quality standards and pay rates that reflect the costs to providers and be regularly updated. Contracts may be an important supply-building strategy for high-quality care in some areas and for some populations, such as children with special needs, very young children, or children whose parents work non-traditional hours.

Q: Generally, how should our state's proposed budget be addressing the development of state plans?

A: Your budget should reflect the timing of the phase-in of various provisions of the reauthorization. It will be important to allow the legislature the time to discuss these provisions. It will be also important to factor in the current gaps in your state's child care system whether it is a loss of children, waiting lists, high co-payments, or low rates and to fashion a budget request that relates to strengthening the whole system as well as the specific reauthorization provisions.

For more information on CCDBG implementation, contact CLASP or NWLC.