Introduction

In November 2014, Congress reauthorized the Child Care and Development Block Grant (CCDBG), the nation’s primary source of funding for child care assistance for low-income families and improvements in the quality of child care for all children. This first reauthorization in almost two decades set the stage for important improvements in state child care assistance programs. The law included requirements to strengthen continuity of care, health and safety, quality, and provider payment policies. Despite setting clear expectations, however, Congress did not immediately provide additional funding for states to implement the required policy changes.

Advocates, state administrators, and other stakeholders began planning to comply with the reauthorization to varying degrees. From the beginning, it was clear that the promise of the CCDBG reauthorization could not be fully realized without additional federal investment. States initially struggled because they didn’t have the data needed to estimate the costs of complying with the law, the funds required to implement key CCDBG provisions, and in some cases the staff time and expertise or support necessary to fully explore and design their best policy options. States also delayed implementing some provisions of the law and requested waivers to extend the implementation timeline.

CLASP has worked directly on implementation of the child care reauthorization with advocates and/or agencies in more than 40 states since January 2015. This report draws on our work and the lessons of others to capture the experience of states in the months and years following the 2014 reauthorization. CLASP’s level of engagement with these states varied from one-time phone or email consultations on interpretation of the law to in-depth, in-person consultation to develop and evaluate policy options for complying with the reauthorization. Our technical assistance ranged from light-touch, broad-based TA to more intensive, ongoing work. The experiences described here and in the accompanying profiles of Alabama, California, and Louisiana, offer considerations and strategies for making improvements to state child care systems with varying political, policy, and financial circumstances. The lessons learned are timely as states begin strengthening their child care policies following 2018’s historic increase in CCDBG funding of $5.4 billion by Congress for the FY 2018 and FY 2019 spending bills.

Opportunities for Children, Families, and Providers in the CCDBG Act of 2014

The CCDBG Act of 2014 reauthorized the child care block grant for the first time in two decades. Prior to the 2014 law, the federal government imposed few requirements. States were free to design their child care assistance programs within basic federal parameters. The Act set new standards for eligibility and continuity, health and safety, quality, and payment policies. Important objectives of the new law included:

- Protecting the health and safety of children in care through more consistent standards and monitoring of those standards;
- Improving the quality of care, including through increased supports for child care providers; and
- Enabling families to more easily access child care assistance that supports stable and continuous care and that can be coordinated with other early childhood programs.

While states began assessing the law’s requirements, developing their Child Care and Development...
Fund (CCDF) plans, and in some cases making changes to their policies, the federal Office of Child Care (OCC) worked quickly to develop a final rule that clarified and answered common questions about the law’s provisions.¹ Before the final rule was issued in September 2016, states were asked to submit state plans (their application for funding) using their best interpretation of the federal statute. The final rule required states to comply fully with the legislation and regulations—with a few exceptions—by September 30, 2018. In some cases, states used CCDBG’s waiver authority to request extended timelines for implementing provisions that required legislative changes, additional state resources, or administrative policy changes—or if they just needed more time or information for policymakers to move forward.

The Context for Implementation

At the time of the reauthorization, participation in CCDBG was at a historic low, and federal funding for the program had been near flat for over a decade, with the exception of a temporary bump in funding under the 2009 American Recovery and Reinvestment Act (ARRA). [see Figure 1.] When the law was passed in 2014, the program was serving the smallest number of children in its history due to funding shortfalls.² [see Figure 2.] This shows the perils of relying on an overstretched funding stream that hasn’t been increased in 20 years. Beyond the funding stagnation, CCDBG has failed many families through its inequities in access to child care assistance. Only 5 percent of potentially eligible Asian children and 8 percent of potentially eligible Latino children participated in CCDBG based on state income eligibility parameters in FY 2016, compared to 12 percent of all potentially eligible children.³

Because of insufficient resources, states have designed CCDBG policies that restrict eligibility by requiring lower incomes or limiting allowable work activities, maintaining low payment rates for providers, and failing to implement basic health and safety standards.

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**Figure 1. CCDBG Federal Allocations in Actual and Constant Dollars, 2002-2019**

![Chart showing CCDBG federal allocations in actual and constant dollars from 2002 to 2019.](chart.png)
When CCDBG reauthorization passed in 2014, states were challenged to meet sweeping policy changes without sufficient funding. Shortly after CCDBG’s passage, states began work on their CCDF plans due in March 2016. They submitted 2016-18 plans based on limited guidance available at the time and using their own interpretation of the new statute. Using the best information available from OCC, regional offices of the federal Administration for Children and Families (ACF), and national experts, states drafted their initial 2016-2018 plans, making decisions with massive implications for families, providers, and state budgets. States where child care assistance policy lived largely in statute sometimes had somewhat skeletal or incomplete plans. Their plans were scant because they were dependent on state legislatures to move the new federal requirements forward and either had political obstacles or needed more time due to their legislative schedules. As a result, many initial state plans would eventually require at least some degree of reworking and left large questions about how states would implement the new law.

Along with their initial plans, states filed waivers for provisions they were unable to complete on time. By June 2016, 25 states and territories had requested a total of 106 waivers of one or more provisions of the CCDBG law. This does not include provisions related to the comprehensive background checks required by the law. OCC addressed those provisions separately, granting all states an initial extension for implementation and later allowing further extensions.

Although states have since passed the waiver timeline and submitted state plans for 2019-2021, many are still coming into compliance with the CCDBG law. They are also currently making plans to use the largest CCDBG funding increase ever. This means that now is a good time to revisit policy choices and opportunities.
## CCDBG Implementation Timeline

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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</thead>
<tbody>
<tr>
<td>CCDBG Act passes Congress and is signed into law</td>
<td>October 2014</td>
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<tr>
<td>2016-2018 CCDF State Plans due</td>
<td>March 2016</td>
</tr>
<tr>
<td>2016-2018 CCDF State Plans in effect</td>
<td>June 2016—September 2018</td>
</tr>
<tr>
<td>CCDBG Final Rule published</td>
<td>September 2016</td>
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<tr>
<td>2019-2021 CCDF State Plans Due</td>
<td>August 2018</td>
</tr>
<tr>
<td>Goal for full implementation of CCDBG law including waivers (additional one-year extensions available for compliance with background check provisions)</td>
<td>September 30, 2018</td>
</tr>
<tr>
<td>Deadline for spending FY 2018 CCDBG allocation (including increase)</td>
<td>September 30, 2020</td>
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</tbody>
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## Challenges Encountered by States

As states began to assess their systems in light of new CCDBG policy requirements, they encountered a series of barriers to evaluating and implementing their policy options.

- **Estimating Costs.** Determining the potential costs of implementing the required policy changes was difficult for most states. Although many had previously implemented policies such as 12-month eligibility, they generally did not have the data to estimate the impact of those policies on state budgets (e.g. data on participation, duration, reasons for leaving the subsidy program, and “churn”—families moving on and off assistance over a short period of time, often due to administrative requirements rather than loss of eligibility). As a result, cost estimates for this and other policies varied widely, depending on the assumptions used to estimate the cost.

- **Governance Structures.** State child care policy governance structures can also complicate policy changes. For example, subsidy, quality, and monitoring functions may be in different offices or agencies, requiring coordination. In some cases, there may be related political barriers to making changes, such as differences in priorities within leadership, or resistance to complying with federal requirements in states where policy goals aren’t aligned. In addition, many states may not place the child care assistance program high enough in the governance structure, despite its importance to families with low incomes, or give it priority relative to other, larger, human service programs. As a result, even major changes to CCDBG may not get the level of visibility or urgency needed to garner sufficient support.

- **Limited data, time, and funding.** States struggled with assessing their unique gaps in compliance, both because they lacked the necessary data, and because their understanding of the law evolved as OCC finalized the rule and clarified its provisions through guidance. While the law offered an opportunity to reimagine and reform state child care assistance programs, the initial lack of additional federal funding forced many administrators to approach the task...
pragmatically—evaluating their minimal compliance with the federal law against their current policies.

- **Differences across states.** Since each state was affected differently by the new requirements, their options for policy choices and strategies also varied, depending on their existing policies. States navigated their unique administrative and statutory systems and barriers as they implemented the requirements, completing their initial state plans, adapting them to the final federal rule that clarified provisions of the law, and moving new policies forward. States with child care assistance policy written into statutory law needed to make changes through the legislature, working with a broader set of stakeholders to negotiate through their state legislative processes and calendars. Other states’ policies are written into administrative law. In some states, administrative changes may still require legislative action, while in other states the lead agency can change its policy through established processes that vary in complexity. To support these differences, states needed technical assistance that takes into account the differences in state policies and was flexible enough to offer strategic policy guidance in any number of scenarios.

- **Inside and Outside Strategies.** Because state policy landscapes vary, changing policies through legislative or administrative action required advocates to adapt their strategies accordingly. Stakeholders had to assess whether changes could be accomplished by working directly with administrators or legislators to negotiate policy changes, or whether they needed a more public facing campaign to build public will and move reluctant policymakers forward. Stakeholders, therefore, had to use different strategies for selecting and engaging champions, using communications to raise visibility about child care needs, and building public support and participating in policy negotiation.

### Most Challenging Provisions

Over the past four years, states have approached individual provisions of the federal law within the constraints of financial resources, federal guidance, and the general logistics of policymaking at the state level. Multiple barriers led almost every state to request at least one waiver, which were largely granted, to delay implementation of one or more provision of the CCDBG law. Although it did not expressly approve frequently requested waivers for the health and safety training requirement provision, ACF did extend the deadline for meeting those requirements, as well as those around criminal background checks. While each state had its unique set of challenges, the following provisions of the CCDBG law were most likely to pose complications to states.

**Criminal Background Checks**

While many states already had some level of background check system for early childhood educators and child care providers prior to the 2014 law, none had a background check system that met all the new law’s requirements. The reauthorization required states to implement a comprehensive set of criminal background checks for all child care staff of licensed, regulated, and registered child care providers—regardless of whether they are receiving CCDBG funds—and all eligible CCDBG providers (unless they are related to all children in their care). The background checks included a Federal Bureau of Investigation fingerprint check using Next Generation Identification; a search of the National Crime Information Center’s National Sex Offender Registry; and a search of the state criminal registry or repository, state sex offender registry or repository, and state-based child abuse and neglect registry
and database. These state-level searches must be done in the staff person’s current state of residence and any state where he or she has resided within the past five years. Even states with existing robust background check systems, like California, struggled with the breadth and complexity of the new requirements, along with the cost of creating the administrative infrastructure necessary to meet them. In addition to the sheer number of providers and staff subject to new background check requirements, states continue to have difficulties getting background check data from other states and federal sources in a timely manner.

Creating the flexibility that states needed on background checks was complicated because that provision was explicitly spelled out in the federal law, including specific checks required and fines for non-compliance. In October 2017, OCC released guidance on the background check provision, acknowledging that the requirement to include data from the National Sex Offender Registry would pose particular challenges because states had never been required to access it before. While the original law required compliance by September 2017, OCC extended that deadline to September 2018. Recognizing ongoing challenges, the FY 2019-2021 CCDF State Plan Preprint (or template) from OCC included language allowing for additional one-year extensions for compliance with background check provisions, with the expectation that all states will be in compliance by September 2020.

12-Month Eligibility and Graduated Phase-Out

When the CCDBG law was passed in 2014, 22 states already offered 12-month eligibility for child care assistance for at least some families, and another 19 states had come into compliance with this provision of the law by June 2017. Still, even those states with 12-month eligibility in some form did not necessarily meet the specific requirements of the new law. As the law was rolled out and clarified through the final rule, some states struggled with the potential cost of extending eligibility periods and the ramifications of such a change for eligible families waiting to access care.

Because most states lacked data on utilization and churn, it was difficult to estimate the costs of the 12-month eligibility requirement and graduated phase-out policies. Budget analysts sometimes developed fiscally conservative estimates that assumed no churn and no attrition, leading to overly high estimates of utilization and related costs. States like California and New York, with complex systems and large numbers of eligible children, had conflicting cost estimates within their states that held up the legislative and budget solutions necessary to come into compliance. Other states, like Connecticut, complied with the provision relatively quickly and then had to make other cuts in their child care services (e.g. freezing access) because of unexpectedly high costs and a lack of funding. Implementing the family-friendly eligibility and graduated phase-out provisions in the law meant that other eligible families may not have access, in some cases creating or increasing waitlists. Still other states delayed implementation of 12-month eligibility through waivers requested in their state plans and have yet to fully comply with this provision.

Health and Safety Training and Monitoring

Finally, a significant number of states have found it challenging to fully comply with provisions that require every provider to have pre-service training in 12 topics. Like other provisions, many states already had requirements for at least some of their providers and teachers to have some degree of pre-service training. However, the new law expanded the list of topics covered in some states and expanded the population of providers required to participate. Several states have met the training requirement by
offering a standard pre-service training, usually in person and on-line. Given the scope of the law, however, states have found it challenging to deliver training to providers in all settings and that meets the linguistic, geographic, and cultural needs of all providers. In particular, for the first time all license-exempt providers caring for children served under CCDBG (unless they are caring only for relatives) are required to receive pre-service training and be monitored through on-site inspections. To fully implement these requirements, many states have had to expand their licensing staff or create new positions to complete the monitoring visits required under the law.

Moreover, the requirement to monitor license-exempt providers created a fundamental shift in the relationship between states and license-exempt providers. States with diverse provider populations have innovated to address their specific needs. For example, in Alabama—a state with a large number of exempt programs—the new policy led to a statewide conversation and changes to their licensing requirements, narrowing the types of programs that can be exempt. In that state, and anecdotally in others, the implementation of new health and safety requirements has correlated with a loss of license-exempt providers in some communities.

Lessons Learned

Over the past four years, state leaders, advocates, and national child care policy experts have learned many important lessons that will influence how the CCDBG law continues to be implemented and how state child care systems will evolve to meet increasingly complex needs of children and families. These lessons include:

**Programs cannot easily bounce back from years of resource starvation.**

Prior to the CCDBG increase in 2018, and with the exception of one-time funds associated with ARRA in 2009, most state child care systems had been dealing with resource decline over the two decades leading into reauthorization. These conditions led to lowered eligibility levels, extremely low provider payment rates, and eroded or non-existent infrastructures (including data collection and existing capacity in high-quality programs). Under those conditions, states were not ready for the massive policy changes required of reauthorization, nor did they have the data to evaluate the financial or human impact of such changes—making it difficult to take advantage of the promise of reauthorization. Even states that could identify their most pressing needs were often forced to prioritize among different aspects of the law. Moreover, some had to develop plans for sequencing their implementation without serious negative impacts on supply, access, or quality.

**Having more funds can facilitate policy change.**

When Congress appropriated additional CCDBG funds in March 2018, the game changed for implementation. Among the numerous barriers to implementation posed by infrastructure and logistics, by far the most common reason for delaying implementation of major provisions of the law was cost and the lack of available resources. The increased federal funds in 2018 and 2019 are not sufficient to close the access gap or pay adequate payment rates in every state, but in many cases, they provided the resources needed to implement eligibility changes, cover the cost of background checks, or increase licensing and monitoring staff. Congress intended the new dollars to be used for CCDBG implementation—in addition to increasing access and quality—and so far, they have helped states make significant progress.
**Change takes time, and public will.**

In addition to resources, states needed time to move the required policy changes through the mechanics of state policy change. With tight timelines for implementing major reforms, administrators were often forced to trade off between thoughtful and visionary planning and quick compliance. Moreover, highly intense and under-resourced state agencies do not often have the luxury of time for planning. Technical assistance and peer-to-peer support helped to provide additional capacity for planning, but in some cases a complete revisioning of child care programs was just not an option. Where there was overwhelming public will, combined with champions within the government, change came more quickly. In states where administrators and legislatures had already made significant reforms prior to the 1994 law, they could focus on the remaining requirements. Where advocates had already established a vision of access to high-quality care and champions to carry it forward, understanding the importance of the new law and its implementation were less of a lift. Those conditions, having been built over time in states like Colorado, California, and Louisiana, among others, created an environment in which the question was not whether to comply with the federal law, but how best to do so.

**Data can drive decisions—and a lack of data can delay decisions.**

To answer the question of how best to implement the law, each state needed to fully understand its current programs, who they served, and where the gaps existed. States can be better prepared for policy changes by having data on expenditures, utilization, and eligibility patterns. They should also have the internal capacity to disaggregate and analyze data to understand differences in access to quality child care for families of different racial and ethnic backgrounds, linguistic and cultural needs, geographic areas, and employment situations (e.g. needs for nontraditional hour care). A firm grasp on data can point to gaps that policy changes can address and to the positive effects of increased CCDBG funding and how to sustain them.

**Building capacity in affected communities can lead to policy change and consensus.**

States have created early childhood and child care assistance systems through a patchwork of administrative and legislative policies that makes system change challenging. While states have some existing communication systems, such as Early Childhood Advisory Councils created under federal Head Start law, these systems are uneven across states in their authority, transparency, and influence. And beyond those mandated structures, states often have few ways for parents, providers, and other stakeholders to participate in the process—resulting in policy that does not necessarily respond to the real needs of parents and communities.

Advocacy organizations, especially those led by parents, need support to build capacity and expertise. While technical assistance from national organizations and others can help, community-based organizations struggle with staffing resources and capacity, along with other supports needed to take their rightful place at state policy tables. Advocates with a sophisticated understanding of policies and the policymaking process are generally more effective and building that capacity can lift up and center the state policy conversation on the experiences of families.

While good data and the voices of impacted communities can go a long way toward moving policy changes and maximizing funding at the state level, coordination is key. The states that have been most
Effective advocacy communities and policymakers on a coordinated set of goals, with consistent messaging from across the range of stakeholders. When parents, providers, community leaders and policymakers have a shared vision and coordinated message, agreeing on first steps and tradeoffs becomes easier.

**Lack of resources, data and thorough exploration of policy changes may result in unintended consequences.**

States sometimes face painful decisions around implementation and use of resources, especially when those resources are limited. Even as states implemented new eligibility policies—which would bring critical stability to children and families—they faced the reality that serving children longer could result in many more families not getting any help. Implementation of new health and safety standards, including preservice training requirements, raised challenges about including all providers, particularly the informal caregivers often used by families in need of immediate and flexible care. If license-exempt caregivers have less access to the system, which families in need of care are most impacted? States are still grappling with these and other difficult questions and tradeoffs. As unintended consequences of the reauthorization’s provisions emerge, new federal resources may help to address some challenges. But designing a child care subsidy system that meets the needs for stable care and high-quality experiences by low-income working families and their children will ultimately require a much larger investment and additional reforms beyond the reauthorization.

**Next Steps and New Opportunities**

When Congress appropriated a historic increase in CCDBG funding in March 2018, it gave states a new opportunity. Congress was clear that it expected the new funding to be used to implement the changes required under the CCDBG reauthorization, as well as to improve access to quality programs and meet other needs. Many states acted immediately to make decisions about how to use the new funds, propelled by timelines that included their state legislative and budget processes, state CCDF plans due in August 2018, and implementation waivers that expired in September. Some stakeholders were able to use initial planning for their state’s CCDBG implementation that was hindered by a lack of funding as a launching pad to encourage state lead agencies to go beyond compliance and look more broadly at meeting needs, addressing gaps, and strategically strengthening child care assistance programs.

Some states have expanded access to child care subsidies by eliminating waitlists and raising income eligibility thresholds. Others have expanded access for particular populations like infants and toddlers or improved program quality through investments in professional development and rate increases. Many of the states are taking big steps toward realizing the vision of the 2014 reauthorization by:

- Paying for the costs of new comprehensive criminal background check requirements;
- Implementing inspections for license-exempt programs;
- Creating or expanding pre-service training for providers to meet the law’s requirements; and
- Updating market rate measurement methodologies to better reflect current costs.

Lessons from state implementation of the reauthorization have been helpful in maximizing the impact of the recent increases in CCDBG federal allocations. However, by incorporating these lessons more fully into state planning and processes, they can further influence the development and strengthening of child care systems into the future. This will ensure that states are basing policy decisions on the voices...
and experiences of families, improving data systems to more fully capture the utilization and dynamics around child care subsidy policy and other aspects of the early childhood systems, and building on the partnership between state agencies and legislatures to create and implement long-term plans to address shortfalls in capacity, access, and quality.

In the philanthropic sector, funders can invest in capacity building for advocates, stakeholders, and communities—which supports them to identify priorities—push states to make the combined promise of new dollars and stronger policies real, and closely monitor if states are using the dollars effectively and within the spirit and letter of the law.

Conclusion

While implementation of the CCDBG reauthorization of 2014 was at first slow and uneven, some states were effective at taking the opportunity to advance stronger child care assistance programs. In the states with the most success, policymakers used data and communication with stakeholders to identify the most urgent gaps and the most promising solutions. States were particularly effective when parents, providers, and other stakeholders worked together to develop the capacity to engage effectively in state policymaking, took the time to understand the needs of families, and translated those into a vision for their early childhood programs. The challenge of improving state programs in a chronically underfunded environment with complex policy requirements is daunting, but by starting with an understanding of the needs of families and children, states are achieving success for low-income families who need affordable, high-quality child care. CLASP, along with other national partners, will continue to be available to work with state administrators and advocates to translate these lessons into policy changes and stronger child care assistance programs at the state level.

State implementation has also made clear the big gaps that remain in ensuring low-income families have access to quality, affordable child care and that providers have what they need in terms of training, supports, and resources to meet the needs of children in their care. Many visionary aspects of the reauthorization—such as expanding the supply of high-quality care in underserved areas and for particular populations, such as families in need of non-traditional hour care—have seen little attention and movement and underscore the need to continue to reform and invest in our country’s child care system. CCDBG reauthorization was an important first step to making this happen.

Acknowledgments

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Endnotes

1 The Child Care and Development Fund (CCDF) refers to the funds authorized by the Child Care and Development Block Grant Act. CCDF and CCDBG are sometimes used interchangeably. For the purposes of this report, we use CCDBG except when referring to CCDF State Plans.

2 While states can contribute funds or use TANF dollars to bolster their own CCDBG programs, they do so to varying degrees. Between 2000 and 2017, the amount of TANF funds spent directly on child care decreased by 6% while the amount of TANF funding transferred to CCDBG decreased by 47%.


5 The FY 20019-2021 CCDF State Plan Preprint included language allowing for additional one-year extensions for compliance with background check provisions, with the expectation that all states will be in compliance by September 2020. Available at: https://www.acf.hhs.gov/sites/default/files/occ/fy_2019_2021ccdf_plan_preprint_11_30_17.pdf.


