



Bright Start TN
Powered by **TQEE**



Lunch n' Learn

Child Care Policy Changes Coming to Tennessee

March 18, 2024 @ 11:30aCT/12:30pET

TQEE Tennesseans
for Quality
Early Education



TQEE

Nonpartisan coalition of advocates for Tennessee's youngest learners



Effective Policy
& Practice



A Strong Voice



Legislative Action

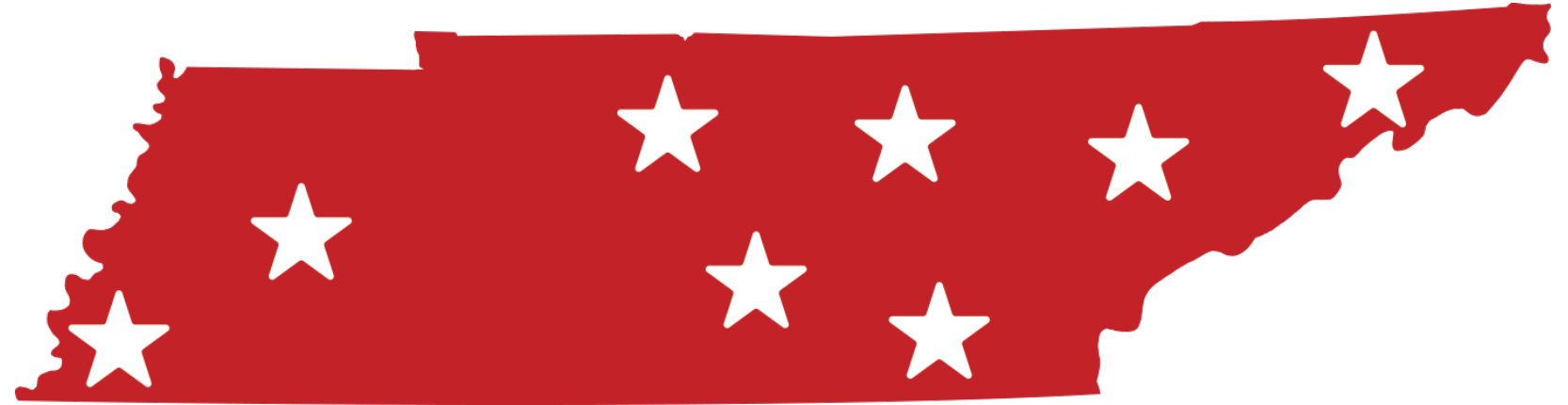
Mission: To advance state policies and practices that ensure all Tennessee children **birth through 3rd grade** get the high-quality early education they need to power our state's future.



Bright starts finish strong.

- ★ Statewide network
- ★ Community partnerships
- ★ Closing achievement and opportunity gaps
- ★ Children birth through 3rd grade

Bright Start TN now reaching 60% of TN's population



★ **Memphis / Shelby County**
First 8 Memphis

★ **West Tennessee**
United Way of West TN
(Decatur, Dyer, Hardeman, Haywood, Hardin, Lake, Madison, McNairy, and Weakley)

★ **Nashville / Davidson County**
Peabody Center at Vanderbilt

★ **South Central TN**
United Way of Rutherford and Cannon Counties
(Bedford, Cannon*, Coffee, Moore, Lincoln, Rutherford, and Warren*)

★ **Upper Cumberland**
Upper Cumberland Development District
(Cannon*, Clay, Cumberland, DeKalb, Fentress, Jackson, Macon, Overton, Pickett, Putnam, Smith, Van Buren, Warren*, and White)

★ **Chattanooga / Hamilton County**
Chattanooga 2.0

★ **Knoxville / Knox County**
United Way of Greater Knoxville

★ **Northeast Tennessee**
Ballad Health / STRONG ACC
(Carter, Cocke, Greene, Hamblen, Hancock, Hawkins, Johnson, Sullivan, Unicoi and Washington)

Creating a Cycle of Success

What children need to achieve 3rd grade level reading and math proficiency



- High-quality birth-through-age-eight learning environments
- Physical health, mental health, and development on track from birth
- Supported, and supportive, families and communities

High-Quality Learning Environments



**High Quality
Child Care and
Education**



**Grade-level
Proficiency
Pre-K-2nd Grade**



**Regular School
Attendance**



**Positive Early Care
and Education
Climate**



**Summer
Learning**

Health & Development on Track from Birth



**Healthy
Birthweight**



**Physical
Health**



**Social-
Emotional
Health**



**Oral
Health**



**Early
Intervention**

Supported and Supported Families and Communities



Safe at Home



**Positive
Parent/Child
Interaction**



**Reading with
Children**



**Supports for
Families**



**Skilled and
Knowledgeable
Parents**

Committee for Economic Development of The Conference Board (CED)

Child Care and Development Fund (CCDF) Final Rule Overview

Tennesseans for Quality Early Education
March 18, 2024



REASONED SOLUTIONS
IN THE NATION'S INTEREST



CED's Longstanding Commitment to Early Education

- CED has a 50+ year history of commitment to advancing early childhood education
- CED Trustee business leaders have been at the forefront of the effort to promote early learning and development



CCDF Final Rule Overview

Child Care & Development Fund (CCDF) Final Rule, 3/1/24

From time to time, Federal agencies issue and update rules to guide implementation of federal law.

- Lowers the cost of child care for families
- Increases child care options for families
- Strengthens the payment practices for child care providers
- Makes enrollment easier and faster for families

Effective Date: April 30, 2024

- States can request temporary waivers for up to 2 years
- The final rule applies to the FY2025-2027 CCDF State plans due to HHS by July 1, 2024 (effective Oct. 1, 2024)

15366 Federal Register / Vol. 89, No. 42 / Friday, March 1, 2024 / Rules and Regulations

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Subpart L—Financial Management
45 CFR Part 98
RIN 0970-AD02

Improving Child Care Access, Affordability, and Stability in the Child Care and Development Fund (CCDF)
Administration for Children and Families (ACF), Department of Health and Human Services (HHS).

AGENCY: Office of Child Care (OCC), Administration for Children and Families (ACF), Department of Health and Human Services (HHS).

ACTION: Final rule.

SUMMARY: This final rule makes regulatory changes to the Child Care and Development Fund (CCDF). These changes lower child care costs for families participating in CCDF, improve the program's child care provider payment rates and practices, and simplify enrollment in the child care subsidy program. The final rule also includes technical and other changes to improve clarity and program implementation.

DATES: Effective April 30, 2024.

Temporary Waivers: States and Territories that are not in compliance with the provisions of this final rule on the effective date may request a temporary waiver for an extension of up to two years if needed to come into compliance. For Tribal Lead Agencies, ACF will determine compliance through review and approval of the FY 2026–2028 Tribal CCDF Plans that become effective October 1, 2023.

FOR FURTHER INFORMATION CONTACT: Megan Campbell, Office of Child Care, 202–690–6499 or megan.campbell@hhs.gov.

SUPPLEMENTARY INFORMATION:

I. Statutory Authority

II. Background

III. Executive Summary

Effective Date

Costs, Benefits, and Transfer Impacts

Severability

IV. Development of Regulation

V. General Comments and Cross-Cutting Issues

VI. Section-by-Section Discussion of Comments and Regulatory Provisions

Subpart A—Goals, Purpose, and Definitions

Subpart B—General Application Provisions

Subpart C—Eligibility for Services

Subpart D—Program Operations

Child Care Services: Parental Rights and Responsibilities

Subpart E—Program Operations

Child Care Services: Lead Agency and Provider Requirements

Subpart F—Use of Child Care and Development Funds

Subpart G—Financial Management

Subpart H—Program Reporting Requirements

Subpart I—Indian Tribes

Subpart J—Error Rate Reporting

VII. Regulatory Process Matters

Paperwork Reduction Act

Regulatory Flexibility Act

Unfunded Mandates Reform Act of 1995

Executive Order 13132

Assessment of Federal Regulations and Policies on Families

VIII. Regulatory Impact Analysis

List of Subjects: 45 CFR Part 98

I. Statutory Authority

This final rule is being issued under the authority granted to the Secretary of Health and Human Services by the CCDFG Act of 1990, as amended (42 U.S.C. 9857, et seq.), and section 410 of the Social Security Act (42 U.S.C. 610).

II. Background

The Child Care and Development Block Grant Act (CCDBG), hereinafter referred to as the “Act” (42 U.S.C. 9857 et seq.), together with section 410 of the Social Security Act (42 U.S.C. 610), authorize the Child Care and Development Fund (CCDF), which is the primary federal funding source devoted to supporting families with low income afford child care and to increasing the quality of child care for all children. CCDF plays a vital role in supporting child development and family well-being, facilitating parents’ employment, training, and education, and improving the economic well-being of participating families. Families with children under age 5 and income below the federal poverty line who pay for child care spend 58 percent of their income on child care on average, which leaves insufficient funding for food, housing, and other basic costs.¹ Households with income just above the federal poverty level spend more than 20 percent of their income on child care, on average. Even school-age care can amount to 8 to 11 percent of family income.² Without help paying for child care, the cost can drive parents to exit the workforce or seek out less expensive care, which may have unmeasured or unregulated, but less rigorous quality or safety standards, and be less reliable.³ In final year (FY) 2021, the most current available data, CCDF helped nearly 100,000 families and more than 1.3 million children under age 13 with financial assistance for child care each month.⁴ CCDF also promotes the quality of child care for all children, requiring CCDF Lead Agencies to spend at least 12 percent of their CCDF funding each year on activities to improve child care quality for all children in care.

Access to affordable high-quality child care has numerous short- and long-term benefits for children, families, and society, supporting child and family well-being in a number of ways, including prosperity and strong communities and the economy. Child care is a necessity for most families with young children and reliable access leads to better parental earnings and employment and supports parents’ educational attainment.⁵ Specifically, maternal employment increases in response to more available and more affordable child care⁶ and drops when child care becomes more expensive for families.⁷ Moreover, children with stably employed parents are far less likely to experience poverty than children in care.

¹ Lamborn, L.C., Card, N.A., & Kane, G.A. (2020). *Child care as a local issue: Initial findings from the national burden of children price*. Women’s Bureau Issue Brief, U.S. Department of Labor, Washington, DC. <https://www.dol.gov/eis/v1/wb/2020-02-18-child-care-as-a-local-issue>

² Wolf, Z., and, G. Cobbett, T., Schacter, L., & Miller, T. (2023). *Parents’ reasons for working for care and needs of work: An analysis using the care and needs of work*. An analysis using the care and needs of work. U.S. Department of Health and Human Services, Administration for Children and Families, U.S. Department of Health and Human Services. <https://www.hhs.gov/eis/v1/2023-02-28-parents-reasons-working-care-and-needs-work/>

³ Unpublished FY 2011 ACF administrative data.

⁴ Card, N.A., and Lamborn, L.C. (2023). *Access to Child Care Can Improve Student Parent Graduation Rates*. Washington, DC: Institute for Women’s Policy Research. <https://iwp.org/iwp-reports/2023-02-28-access-to-child-care-can-improve-student-parent-graduation-rates/>

⁵ HHS. (2022). *Child Care in the United States: Goals, Policy, and Evidence: Initial Policy Analysis and Management*. <https://www.dhs.gov/eis/v1/2022-03-24-child-care-in-the-united-states-goals-policy-and-evidence>

⁶ Lamborn, L.C., Card, N.A., and Altemus, R. (2023). *Child Care in a Local Issue: Initial Findings from the National Burden of Children Price*. Women’s Bureau Issue Brief, U.S. Department of Labor. <https://www.dol.gov/eis/v1/wb/2023-02-18-child-care-in-a-local-issue>

⁷ Lamborn, L.C., Card, N.A., and Altemus, R. (2023). *Child Care in a Local Issue: Initial Findings from the National Burden of Children Price*. Women’s Bureau Issue Brief, U.S. Department of Labor. <https://www.dol.gov/eis/v1/wb/2023-02-18-child-care-in-a-local-issue>

For more information:

- [HHS CCDF Final Rule \(3/1/24\)](#)
- [CCDF Final Rule Summary \(3/2/24\)](#)
- [CED Policy Background: Updated Rule for the Federal Child Care and Development Fund \(3/15/24\)](#)



Child Care Affordability

- **Caps Family Co-pays.** Requires States to limit family co-pays to 7% of family income (not per child). States have flexibility to set lower co-pays.
- **Co-pay waivers.** The final rule allows States flexibility to waive co-pays for additional families:
 - Families with income at or below 150% FPL
 - Families with a child with a disability
 - Families with a child in foster care/kinship care
 - Families experiencing homelessness
 - Families with a child enrolled in Head Start/EHS

Note:

- The waiver for a child with a disability applies to the household (i.e., other children in the family).
- States can waive co-pays for other categories of families with approval from HHS.

Consumer Education

The final rule requires States to post current information about co-pays

- based on family size and income, and
- related policies

to their consumer education web page



Expanding Parent Choices & Provider Stability

- **Grants & Contracts.** Requires States to use some grants and contracts for slots for children
 - In under-served areas
 - For infants & toddlers
 - For children with disabilities
- **Prospective Payments.** Requires States to pay providers prior to the delivery of services or at the beginning of the services to align with private-pay practices.
- **Subsidy Paid on Enrollment.** Requires States to pay subsidy based on authorized enrollment, not attendance.

Note: A state can pay a provider retroactively as part of a corrective action plan.

Payments Exceeding Market Rates

Clarifies that states may pay amounts above the provider's private rate to

- Increase quality
- Build supply
- Better reflect the cost of providing care



Expanding Access to Subsidy & Reducing Bureaucracy

- **Presumptive Eligibility.** Clarifies that States can choose to use presumptive eligibility for subsidy prior to full documentation & verification (for up to 3 months).
- **Eligibility Simplification.** Clarifies that States can choose to simplify verification through documentation or enrollment in other programs.
- **Additional Children in Family.** Clarifies the 12-month eligibility requirement and encourages States to align eligibility periods.
- **Online Applications.** Requires States to implement eligibility policies and procedures that minimize disruptions to parent employment to the extent practicable. Encourages States to use online applications and to develop screening tools.

Administrative Expenditure Clarification

- Reminds States that CCDF expenditures for IT/software systems, development of an online application, are allowable expenses (not subject to admin cap)
- Activities to provide 1:1 support for families in submitting applications and easy to understand consumer education resources are quality expenditures (not subject to admin cap)



Miscellaneous

- **Criminal Background Checks.** Clarifies 3 aspects of background checks
 - Employment eligibility decisions must be made based on results (not just that an application has been submitted)
 - Only states can make eligibility decisions
 - Child pornography in any manner is a disqualifying offense
- **State Reports on Provider Charges.** Requires states to collect charges in excess of subsidy rates as part of the State market rate survey

“Major Renovation” Definition

Modifies the definition of “*major renovation*” to be based on the cost of renovations for better clarity and consistent implementation (rather than type of structural change).

- \$350,000 for centers
- \$50,000 for family child care homes
- Annual adjustments based on inflation

Renovations that exceed these thresholds but do not make significant changes to the structure, function, or purpose in order to improve the health, safety, and/or quality of the program are considered minor renovation.



Questions?



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