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# Executive Summary

The Child Care and Development Fund (CCDF) provides \$5 billion in Federal block grants to States, Territories, and Tribes to improve the affordability, accessibility, and quality of child care in the United States. CCDF helps low-income parents obtain child care subsidies that enable them to work, attend training, or enroll in education programs. CCDF funding also supports delivery of early and after-school child care programs to more than 1.7 million children each month.

Every 2 years, States, Territories, and Tribes are required to submit biennial plans outlining how they will implement their share of the CCDF block grant for the next 2 fiscal years (FYs). This report presents an overview of CCDF-funded child care assistance programs as they are described in State and Territory CCDF Plans approved by the Child Care Bureau for the period October 1, 2007, through September 30, 2009. This report is not a catalog of all activities undertaken by Lead Agencies using CCDF funds and will not reflect any amendments that States and Territories have the flexibility to make at any time during the biennial period.

## Administration

Lead Agencies receive CCDF funds to administer child care assistance programs in their respective States and Territories. They are required to provide information about the overall management of CCDF services, including contracting practices, implementation of child care services such as eligibility determination and provider payments, and policies to prevent and reduce improper payments. Lead Agencies also provide information about the estimated funds available for child care services funded through CCDF, including Temporary Assistance for Needy Families (TANF), state-funded prekindergarten, and private donated funds.

The FY 2008–2009 CCDF Plans yield the following information about program administration:

- Approximately one-third of States and Territories indicate that their Lead Agency directly determines program eligibility and issues provider payments. CCDF-funded services in the remaining States are implemented by a combination of government and nongovernmental agencies, which includes the CCDF Lead Agency.
- Nearly two-thirds of States and Territories contract with nongovernmental agencies, such as child care resource and referral (CCR&R) agencies, to implement services that assist parents in locating care. States and Territories most commonly implement their quality activities through a combination of governmental and nongovernmental agencies, which includes the Lead Agency.
- A number of States use public prekindergarten funds to meet CCDF Maintenance of Effort and/or Matching Fund requirements. Seventeen States use public prekindergarten funds to collaborate with school districts, child care providers, and Head Start programs to expand the

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availability of enhanced educational opportunities for 4-year-old children, such as providing wraparound child care services and increasing the availability of full-day, full-year child care to meet the needs of working families.

- All States and Territories indicate that strategies have been developed to prevent, measure, identify, reduce, and/or collect improper payments. States and Territories report using several strategies, including automated data systems; training for providers, parents, and agency staff; stricter processes for authorization of services; multi-level monitoring; and outreach activities.

## Developing the Child Care Program

States and Territories must develop their biennial CCDF Plans in consultation with multiple government and nongovernmental agencies. Lead Agencies indicate the types of entities involved in the development of the CCDF Plan and in the coordination of child care and other early childhood development services. They provide information about their coordination plans and activities to implement the *Good Start, Grow Smart* initiative, including coordinating funding streams, policies, service delivery, and other initiatives to improve quality and availability of child care and other early childhood services. States and Territories also are required to describe the public hearing process established to allow the public the opportunity to comment on the provision of CCDF-funded services. In addition, Lead Agencies are asked to describe activities, including planned activities, to encourage public-private partnerships for meeting child care needs.

The FY 2008–2009 CCDF Plans reveal the following information about consultation and service coordination:

- Lead Agencies are required to consult with local government representatives on the development of their CCDF Plans. Many consult with additional entities, including other Federal, State, local, Tribal, or private agencies; Head Start programs; public health organizations; and others.
- Lead Agencies are required to coordinate the delivery of early care and school-age child care services with specified Federal, State, and local programs. Many have exceeded the minimum requirement and coordinate with other State/Territory programs and agencies, local governments, and nongovernmental entities.
- Thirty States and Territories have developed or are implementing plans for coordination across early childhood programs in response to the *Good Start, Grow Smart* initiative. Entities responsible for ensuring early childhood program coordination include interagency coordinating councils, and/or Lead Agencies alone or in partnership with other agencies, other State/Territory agencies, or private agencies.
- States and Territories report informing the public of upcoming hearings by using newspaper notices, Web site postings, announcements at conferences, and mailings. The number of hearings States and Territories hold ranges from 1 to 13, with States and Territories typically

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conducting 3 or fewer hearings. Some report using video conferencing to provide additional access to public hearings.

- Lead Agencies are engaged in activities that encourage public-private partnerships, including initiatives focused on financing strategies, public awareness, professional development, quality improvement, literacy, and other topics. More than 30 States and Territories indicate that public-private partnerships focus on financing strategies, such as tax credits and grants.

## Child Care Services Offered

CCDF regulations require Lead Agencies to give parents of eligible children the option to receive a child care certificate or, if available, to enroll the children with a provider who has a grant or contract for the provision of services. Lead Agencies report how they make a full range of providers available to all families and any limits they establish on the use of in-home care. States and Territories report their eligibility requirements and priorities for services, payment rates, and sliding fee scales. They also describe how their payment rates ensure eligible children have equal access to comparable care and how the co-payments required in their sliding fee scale are affordable for families.

### Description of Child Care Services

- States and Territories indicate that the vast majority of child care payments are made through the certificate system.
- Twenty-three States and Territories offer grants or contracts for child care slots in addition to certificates. Lead Agencies indicate that contracts generally are used to increase the supply of care that is harder to find, including care for children with special needs, or to coordinate child care services with programs such as Head Start, prekindergarten, and after-school programs.
- Two-thirds of States and Territories establish some limitations on the use of in-home care, including requirements based on number of children in care, basic health and safety standards, and provider age.

### Provider Payments

- States and Territories establish multiple rate ceilings that typically vary by geographic area, age of child, and care setting. Across the country, reimbursement rates range on average from the 10th to 85th percentile of the current market rate.
- Forty-four Lead Agencies use tiered reimbursement rates to help ensure that all parents have equal access to care. Thirty-three provide higher rates for child care centers and family providers that achieve one or more levels of quality beyond basic licensing requirements. Half of States and Territories choose to set higher rate ceilings for care that is more difficult to find or more expensive to provide.

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## Eligibility Criteria

- Under CCDF, children are eligible for services until they reach 13 years of age. Fifty-two Lead Agencies provide subsidies to children older than 13 but younger than 19 who are physically and/or mentally incapable of self-care, and 34 provide subsidies to children older than age 13 but younger than 19 who are under court supervision.
- Income eligibility limits for States and Territories range from 34 percent to 85 percent of the State Median Income (SMI), with the average income eligibility limit being 60 percent of SMI. Some report using a two-tier eligibility system that allows families to retain child care assistance while experiencing modest success in the job market. Once determined eligible for assistance at the entry-level income tier, a family will remain eligible until its income reaches the exit level.
- States and Territories differ in their definition of income. They typically define gross income as both earned and unearned income of the family, household, or child care assistance unit. States and Territories take different approaches to income exclusions, based on the type or source of income and/or the person earning it. Forty-eight States and Territories deduct Federal and/or State tax credits, and another two-thirds exclude income such as scholarships, education loans, grants, and income from work study.

## Service Priorities

- Thirty-seven States and Territories serve all eligible families who apply for child care services. Twenty-five Lead Agencies implement a waiting list, or establish a process for maintaining a waiting list, to help manage the flow of eligible applicants who are not served.
- More than half of the States and Territories give priority to families of children with special needs over all CCDF-eligible families. Nearly half prioritize children in families with very low incomes over all other CCDF-eligible families. Two-thirds guarantee subsidy eligibility for families receiving TANF assistance.

## Sliding Fee Scales

CCDF regulations require States and Territories to establish a sliding fee scale, which is used to determine each family's contribution to the cost of care. While the sliding fee scale for all States and Territories is based on income and family size, some States and Territories use other factors to help determine a family's contribution, including number of children in care, cost of care, and/or whether care is full- or part-time.

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## Parental Rights and Responsibilities

Lead Agencies are required to provide information to parents regarding the range of provider options available and must ensure that State/Territory and local regulations or policies do not restrict parental access to any type of provider or category of care. CCDF law also requires Lead Agencies to ensure that parents receiving child care assistance are afforded unlimited access to their children whenever they are in providers' care. Lead Agencies also must ensure that parents have access to all substantiated parent complaints against child care providers and offer instruction about how the information is made available to the public.

According to the FY 2008–2009 CCDF Plans, States and Territories have implemented the following strategies for building awareness of and promoting access to child care assistance:

- States and Territories partner with other government and nongovernmental entities in efforts to inform parents of the availability of child care assistance and about child care options. The Lead Agency in 44 States and Territories directly implements at least one activity to promote awareness of services. Three-fourths indicate that CCR&R agencies provide information to families about subsidies, 22 partner with TANF agencies, and 16 partner with other State/Territory or local government agencies.
- Thirty States and Territories use their Web sites to provide information about the child care assistance program. States and Territories also indicate that the Lead Agency and its partners have developed brochures, flyers, and other promotional materials to inform families about child care subsidies; hold community outreach meetings, workshops, and other in-person activities; and use radio, television, or print media to promote awareness of subsidies and options.
- States and Territories report a wide variety of strategies to ensure parents are informed of child care options. Thirty-eight indicate parents are informed verbally when applying for subsidies, 37 report that CCR&R agencies assist the Lead Agency in informing parents, and 33 indicate that parents receive written application materials, such as brochures and/or flyers.
- States and Territories provide parents with a variety of ways to apply for child care assistance. Twenty-nine allow families to submit applications by mail, and 29 permit families to apply in person. Some States and Territories report that families can access the application on the Web.
- All States and Territories establish a periodic review of eligibility status for families participating in the program. The initial eligibility authorization period typically ranges from 3 to 12 months, after which time the Lead Agency or its designee reviews the family's circumstances to ensure they continue to meet eligibility criteria.
- Lead Agencies report several strategies they have planned or implemented to reduce barriers for families when applying for and continuing to remain eligible for child care assistance. Twenty States and Territories indicate that the number of required in-person visits to determine

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eligibility are reduced, or not required at all. Nineteen States and Territories do not require recipients to resubmit a full application as part of the redetermination process.

- In 30 States, the application process is slightly different for TANF families. In some States, TANF families are not required to complete an application or appear for a face-to face interview. In others, TANF families have to submit a simplified application that is different from the one for non-TANF families.
- States and Territories indicate that the Lead Agency conducts activities to serve families with limited English proficiency, including translation of materials, use of translator services, and training for parents and providers in languages other than English. Some States and Territories also have bilingual staff who are available to work with families with limited English proficiency.
- States and Territories are required to ensure that child care providers permit parents unlimited access to their children and the providers. Lead Agencies report that giving parents unlimited access is a requirement for licensure or certification. For license-exempt care, Lead Agencies stipulate that parents may be afforded unlimited access through provider agreements or other signed declarations.

## Activities and Services to Improve the Quality and Availability of Child Care

States and Territories are required to spend no less than 4 percent of their CCDF allocation for quality-related activities. These funds are used for a variety of activities that provide comprehensive consumer education to parents and the public, support parental choice, support professional development activities, and provide specific quality improvement activities. Quality activities include offering training and education services to providers, increasing provider reimbursement and compensation, and initiating program planning and evaluation activities. In addition, Federal appropriations law has targeted portions of CCDF for quality improvement as well as services for infants and toddlers, CCR&R services, and school-age child care. States and Territories also are meeting the goals of the President's *Good Start, Grow Smart* initiative, which seeks to help States, Territories, and local communities strengthen early learning for young children through the development of voluntary early learning guidelines and professional development plans.

### Targeted Funds for Quality Improvement

- Nearly all States and Territories use funds targeted for infant and toddler care to provide specialized training to providers caring for children in this age group. Other uses include providing technical assistance, offering financial incentives for programs to improve the quality of their services to infants and toddlers, funding infant and toddler specialist positions, and supporting the use of environment rating scales to assess the quality of infant and toddler program services.

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- Targeted funds for CCR&R services are used for a variety of activities in States and Territories, including offering training and professional development opportunities to child care providers. Funds also are used to help CCR&R agencies recruit new child care providers and expand existing child care slots; train and/or counsel parents; and support family, friend, and neighbor care providers and those caring for children with special needs.
  - Forty-one Lead Agencies report that funds targeted for school-age child care are used to provide specialized training for providers. Other funded activities include planning related to school-age care; technical assistance for providers; grants for program start-up, expansion, and quality improvement; support for providers seeking accreditation; and support for the use of environment rating scales to assess quality in school-age child care programs.

## **Quality Activities**

- Forty-four States and Territories report that the CCDF Lead Agency implements quality-related activities with partners from other government and nongovernmental entities, such as State/Territory and local government agencies, CCR&R agencies, universities and colleges, professional associations, foundations, and private for-profit vendors.
- All States and Territories report that they have consumer education campaigns and provide professional development activities, such as training, education, and technical assistance.
- Nearly all States and Territories use quality funds to improve licensing systems and regulatory requirements; help providers foster early language, literacy, prereading, and math concept development in young children; promote inclusive child care for children with special needs; and implement Healthy Child Care America and other health-related activities.
- Fifty States and Territories include improving salaries and other compensation for child care providers as part of their quality activities. Forty-seven offer grants or loans to providers for quality improvement to help them comply with health and safety standards and for start-up and expansion of services.
- Many Lead Agencies report that they are in the process of evaluating, or have evaluated, the effectiveness of activities funded with CCDF quality funds. Evaluation approaches vary; some Lead Agencies have large-scale evaluation projects underway that examine in depth one or more quality activities, while others conduct evaluations on a regular basis.

## ***Good Start, Grow Smart* Planning and Development**

- Forty-two States and Territories report that they are implementing early learning guidelines. As part of implementation, Lead Agencies are disseminating guidelines to providers, aligning them with other content standards, and embedding them in training.
- Twenty-seven Lead Agencies report that young children's progress will be evaluated based on the voluntary early learning guidelines by aligning them with curricula and assessment measures.

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Lead Agencies also report that they are assessing the effectiveness and/or implementation of the guidelines.

## Professional Development Plans

- States and Territories are at different stages in the development and implementation of their professional development plans. Twenty-eight States and Territories are implementing or revising their plans.
- To encourage providers to attend training, 45 States and Territories offer incentives, such as scholarships, implementation of the T.E.A.C.H. (Teacher Education and Compensation Helps) Early Childhood<sup>®</sup> Project, monetary bonuses for training completion, wage supplements, apprenticeship programs, and other incentives. Program-level incentives include financial incentives from quality rating systems and tiered reimbursement as well as support for accreditation.
- Twenty-nine States and Territories indicate that they are assessing the effectiveness of their professional development plans. Thirty-six report they are assessing the effectiveness of specific professional development initiatives or components.

## Health and Safety Requirements

Lead Agencies must include a description of the health and safety requirements applicable to all providers who receive CCDF funding. States require all facilities, even those that are otherwise exempt from licensing, to meet health and safety requirements in order to receive CCDF funds. States and Territories also describe procedures for ensuring that child care providers comply with all applicable health and safety requirements and how they enforce those requirements.

The FY 2008–2009 CCDF Plans also reveal the following about health and safety requirements in child care:

- Thirty-eight States and Territories subject all relative care providers to the same health and safety requirements that are mandated for other home-based child care providers.
- States and Territories have methods to ensure that providers are in compliance with Federal, State, and local statutes, including conducting unannounced visits, enforcing background checks, and requiring providers to report serious injuries. All States and Territories subject certain child care providers to some type of background check. Fifty-one States and Territories conduct unannounced visits with providers, and 52 States and Territories require providers to report serious injuries.



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## Conclusion

The *Child Care and Development Fund Report of State and Territory Plans FY 2008–2009* provides an overview of how States and Territories are working to improve the affordability, accessibility, and quality of child care for low-income families while supporting the healthy growth and development of young children. Compiling this vital information from CCDF programs throughout the country helps stakeholders identify successful endeavors and understand current and emerging needs. It also helps them develop sound collaborative strategies for continuing to improve the lives of children and families, especially low-income families who need child care assistance.