


EXECUTIVE SUMMARY

In Fiscal Year (FY) 2006, the Child Care and Development Fund (CCDF) provided \$5 billion in Federal block grants to States, Territories and Tribes to improve the affordability, supply and quality of child care in the United States. CCDF helps low-income families obtain child care subsidies that enable them to work, attend training or enroll in education programs. CCDF funding also supports delivery of early care and education services 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. This report presents an overview of CCDF-funded child care assistance programs as they are described in State and Territorial CCDF Plans approved by the Child Care Bureau, Administration for Children and Families, U.S. Department of Health and Human Services for the period October 1, 2005, through September 30, 2007. This report is not a catalog of all activities undertaken by Lead Agencies using CCDF funds and also will not reflect any amendments that States have the flexibility to make anytime during the biennial period.

Administration

Lead Agencies are the agencies designated to receive CCDF funds and to administer child care assistance programs in their respective States and Territories. As such, they are permitted to administer some or all portions of their programs through other governmental or non-governmental entities. CCDF State Plans for FY 2006-2007 indicate that Lead Agencies work in partnership with multiple Federal, State, Tribal and local entities, including private sector partners, to administer their programs. Only four States and three Territories directly administer and implement all child care services, programs and activities funded under CCDF without partnerships or other funding sources.

In the FY 2006-2007 CCDF Plans, States and Territories provide details about several other key administrative trends:

- Several States keep administrative costs at or below 2 percent of their CCDF allocation, lower than the 5 percent allowed for administrative costs.
- Some States and Territories assign administrative responsibility to local jurisdictions or contractors, most notably regarding eligibility determination and child care referral services for parents. Lead Agencies are more likely to determine eligibility for families receiving Temporary Assistance for Needy Families (TANF) than for non-TANF families.
- States use private donated funds to meet part of the CCDF Matching Fund requirement.
- States use prekindergarten expenditures to meet a portion of the CCDF Maintenance of Effort and/or Matching Fund requirements, changed slightly from FY 2004-2005 CCDF Plans, and the number of States using prekindergarten expenditures at the maximum level permitted continues to grow.

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- States and Territories have implemented strategies to prevent and reduce improper payments, including automated data systems; training for providers, parents and agency staff; strict processes for authorization of services and outreach to inform clients and providers. States and Territories follow strategies to identify and measure improper payments, including reviews of client caseloads, monitoring of provider records, monitoring or auditing of Lead Agencies and contractors and establishing monitoring requirements for contractors, Lead Agencies, field offices and local agencies.
 - States and Territories use multiple strategies to collect overpayments, and penalize clients and child care providers when it is established that improper payments are the result of fraudulent activities. Strategies include establishing repayment plans, reducing future payments, tax intercepts, provider and client sanctions and criminal prosecution.

Developing the Child Care Program

States and Territories coordinate with a wide range of entities in the ongoing development and implementation of early childhood initiatives to increase resources for early childhood services and deliver integrated services to children and families. Many combine this coordination with consultation when preparing CCDF Plans.

States and Territories have launched a variety of child care program development initiatives:

- States and Territories carry out consultation activities directly related to the development of their CCDF Plans and public hearing process, while others consider coordination and consultation to be long-term endeavors.
- State Departments of Health, Head Start, special needs programs, Departments of Education, TANF, employment/workforce development agencies and Tribes and Tribal organizations are frequently noted as coordination partners by Lead Agencies. Other organizations that are identified include prekindergarten, child care resource and referral agencies, higher education, school-age programs, local agencies, advocacy organizations, school readiness programs and statewide organizations.
- Many States conduct both coordination and consultation through State commissions, advisory councils and boards.
- States and Territories are at various stages of progress in developing plans for coordination across early childhood programs, in accordance with *Good Start, Grow Smart*.¹
- An increasing number of States post CCDF Plans and notices of public hearings on their web sites. Some States and Territories post notices of public hearings in newspapers, and a few conduct video conferencing of public hearings to increase participation.

¹ *Good Start, Grow Smart* is President Bush's initiative to help States and local communities strengthen early learning for young children. The goal of *Good Start, Grow Smart* is to help young children enter kindergarten with the skills they need for reading and other early learning activities.

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- Child care resource and referral agencies, higher education, foundations and trusts, businesses, nonprofit organizations and United Way agencies are among the entities identified in public-private partnerships. The partnerships work toward developing school readiness initiatives and Quality Rating Systems, raising public awareness, increasing employer involvement with availability and accessibility of early care and education, building systems and supporting facility start-up and enhancement initiatives.

Child Care Services Offered

States and Territories administer the bulk of CCDF service funds through child care certificates, but many Lead Agencies also negotiate contracts or grants for direct services or reserve slots for specific populations. They award contracts or grants for a variety of purposes, including before- and after-school child care, services to children with special needs, wraparound care for children in Head Start and prekindergarten programs and child care targeted to teen parents, migrant workers and TANF participants.

States and Territories also provide the following information about child care services offered:

- The majority of States and Territories offer child care services, including certificates, throughout the State or Territory, while the remaining States offer some contracts only in targeted areas.
- Many States limit the use of in-home care to families in which a minimum number of children are in care in order to comply with minimum wage laws and the Fair Labor Standards Act. Other limitations include care for children with special needs or medical conditions.
- To ensure families receiving child care assistance have equal access to comparable care purchased by private-paying parents, States and Territories conduct a local Market Rate Survey every 2 years and use its results to explain how payment rates are adequate to ensure equal access.
- States and Territories use rate differentials for care that is more difficult to find or more expensive to provide. Some States and Territories maintain a tiered reimbursement system, either paying higher rates for higher-quality care that meets standards beyond minimum licensing requirements, and/or paying higher rates for care provided to children with special needs, infant or toddler care or care during nontraditional hours or weekends.
- State income eligibility limits for child care assistance range from 34 percent to 85 percent of State Median Income (SMI),² with an overall average of 61 percent of SMI, up slightly from the 60 percent average reported in the FY 2004-2005 CCDF Plans.

² Not all States use the most current SMI; the SMI used ranges from 1990 to 2006. States identify the most current SMI differently; some define it as FY 2005, while others identify FY 2006.

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- A few States use a tiered income eligibility threshold, permitting families to earn more than when they first apply, while continuing to receive child care assistance and make progress toward self-sufficiency.
 - In addition to the Federal requirement that all States and Territories give priority to families with very low incomes and families of children with special needs, Lead Agencies often define additional service priorities, such as including families with children receiving protective services, teen parents or families transitioning off TANF. When demand for child care assistance exceeds available funding, some States and Territories maintain waiting lists of parents who have applied for the subsidy and serve families in priority order as funding becomes available.
 - Families share in the cost of subsidized child care through a sliding fee scale based on family size and income. States and Territories rely on additional factors besides family size and income to determine a family's copayment. For example, some reduce the copayment for part-time care and waive copayments for families receiving protective services, foster and adoptive families, teen parents and families who have children with special needs. Some States and Territories prohibit child care providers from charging families for the unsubsidized portion of providers' normal fees in addition to their copayment responsibilities.

Processes with Parents

CCDF Lead Agencies continue to refine processes with parents to build awareness of, and promote access to, child care assistance. States and Territories have implemented the following initiatives and procedures:

- Lead Agencies use their web sites to provide information about child care options, services and assistance. In some States, these web sites feature tools to estimate eligibility and enable applicants to request or complete applications online.
- States and Territories reduce barriers to initial or continuing eligibility by extending office hours to ease families' access to child care subsidies, establishing multiple locations to reduce barriers to subsidy eligibility and simplifying application and/or redetermination procedures.
- Some States do not require, or minimize, the number of in-person visits necessary to determine eligibility, a modification (of policy or procedures) which particularly aids low-income working parents.
- Some States and Territories authorize child care subsidy payments for eligible families for 12 months, with some extending the eligibility period for families whose children also are enrolled in a collaborative Head Start child care program.

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- States and Territories continue to track and report complaints filed against child care programs and make such information available to parents. A number of States have automated tracking of complaint information, while others use the Internet to allow parents to request, review or receive complaint information.
 - States and Territories are taking steps to afford parents unlimited access to their children in care. Typically, parents are informed directly of related requirements at the time of application or through consumer education materials.

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

By statute, States and Territories must spend no less than 4 percent of their CCDF allocation for quality activities.³ States and Territories may use these funds for a variety of quality initiatives and, on average, they estimate that 7.5 percent of their CCDF allocation is designated for these purposes. In addition, the U.S. Congress has earmarked portions of CCDF to be spent on quality and to improve services for infants and toddlers, child care resource and referral services and school-age child care.

States and Territories use CCDF funds to support the following quality initiatives:

Services for Infants and Toddlers

- Lead Agencies use earmark funds to support classroom assessments based on the Infant/Toddler Environment Rating Scale, as well as an infant and toddler credential to provide appropriate and effective training for infant and toddler caregivers. Other initiatives supported through the infant and toddler earmark include quality improvement grants, infant and toddler specialists or health consultants and evaluation and planning. States and Territories take steps to combine all infant and toddler initiatives in a comprehensive effort, often linking planning and evaluation, program supports and direct services, with a focus on systemic change.

Resource and Referral

- All States and Territories provide child care resource and referral services, including dissemination of consumer information and referrals, development of new child care homes and centers and training or technical assistance to child care providers. States offer some or all of these services through contracts with public or private community-based organizations, although a small number also provide child care resource and referral services directly. A few States use child care resource and referral set-aside funds to establish or upgrade data collection systems.

³ According to the Child Care and Development Block Grant Act of 1990 (42 USC 9801 et seq.), Secs. 658E(c)(3)(B), 658G, quality activities that count toward the set-aside include those for infants and toddlers, child care resource and referral services, school-age child care, comprehensive consumer education, grants, loans to providers to assist in meeting State and local standards, monitoring compliance with licensing and regulatory requirements, training and technical assistance, compensating child care providers and other activities that increase parental choice or improve the quality and availability of child care.

School-Age Child Care

- States and Territories use school-age child care funds to support training, fund technical assistance activities or grants with the school-age child care set-aside or offer start-up or expansion grants. A small number of States use the School-Age Care Environment Rating Scale to measure quality improvement.

Consumer Education

- States and Territories conduct comprehensive consumer education to improve child care quality, including campaigns to promote greater awareness of the importance of early care and education. A growing number of States use Quality Rating Systems and web sites to educate consumers.

Grants and Loans to Providers

- States and Territories use CCDF funds to support child care start-up or expansion grants and loans to providers, including school districts and community-based organizations. States and Territories target funds for quality improvement grants or provide grants or loan programs to support providers pursuing accreditation. A small number of States established grant programs to help early childhood programs improve their star or quality rating level in the State's Quality Rating System.

Regulatory Compliance

- States and Territories use CCDF funds, including designating portions of the infant and toddler and school-age child care set-asides, to support licensing staff. A number of States use CCDF quality funds to help pay for new or upgraded automation systems to track compliance with licensing standards.

Professional Development Activities

- States and Territories use CCDF quality funds to help build or support a professional development system which, in many States, serves as a framework for a host of training, technical assistance and other quality improvement initiatives.
- States and Territories have launched professional development efforts in partnership with institutions of higher education.
- The number of States that use CCDF funds for T.E.A.C.H. (Teacher Education and Compensation Helps) Early Childhood®, a scholarship program that links increased education with increased compensation, continues to grow, as does the number of States that are engaged in cross-system training.
- Many States and Territories have programs or incentives designed to increase participation in professional development, and some address how assessments will guide planning, trainings, initiatives or systems.

Provider Compensation

- States use CCDF funds to plan or implement strategies aimed at addressing practitioner compensation, describing initiatives such as wage supplements, one-time bonuses or quality awards, linking the wage initiative to a Quality Rating System or supporting child care staff benefit initiatives.

Language and Literacy

- States and Territories carry out activities to support development of early language, literacy, pre-reading and numeracy. Lead Agencies are reaching out to partners in other sectors, including libraries, Head Start and Early Head Start agencies and faith-based organizations. States and Territories conduct activities aimed at aligning State early learning guidelines with the professional development system core body of knowledge, Quality Rating Systems or other quality improvement efforts.

Inclusive Child Care

- States and Territories are involved in cross-system planning and coordination toward improving early care and education services for children with special needs. Some States and Territories support training to help practitioners serve children with special needs, fund inclusion specialists or have health, mental health or nurse consultants who work with programs to promote inclusion.

Promoting Healthy Development

- As part of the Healthy Child Care America initiative, many States engage in cross-system planning to develop coordinated child services delivery systems, and report developing networks of nurse or health consultants. Some States use Healthy Child Care America resources for childhood obesity prevention.

Other Activities

- States and Territories have implemented a wide range of other activities to improve child care quality, including development of Quality Rating Systems, support for practitioner accreditation, enhanced coordination with Head Start, Early Head Start and Tribal child care and interagency and local planning.

Early Learning Guidelines

- More than half the States and Territories have an implementation plan or are actively implementing early learning guidelines. States and Territories develop trainings specifically designed to support effective use of standards in early education programs and link with other professional development initiatives to increase access to training. A number of States have relationships with community colleges and institutions of higher education to help practitioners gain the core competencies needed to support children's learning effectively.

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- States and Territories have an increased focus on child assessment linked to early learning guidelines. Some States conduct evaluations of programs linked to early learning guidelines or evaluations of early learning guidelines training.

Professional Development Plans

- All States and Territories are undertaking some level of effort to plan, develop, implement or refine their professional development plans. In all cases, the Lead Agency plays a key role in supporting State or Territory early childhood professional development.
- Professional development efforts in many States and Territories include a specific link to early learning guidelines. Some States and Territories provide early learning guidelines training and technical assistance to center- and home-based early childhood staff, while others have professional development plans that include support, access and outreach strategies for family, friend and neighbor caregivers.

Health and Safety Requirements

Many States require all facilities, even those that may otherwise be exempt, to meet licensing requirements to receive CCDF funds. The number of States that subject relative providers to some or all of the health and safety requirements that other child care providers must meet remains constant.

States and Territories also address health and safety requirements in child care:

- In many States, child care providers are subject to unannounced monitoring visits, and in all States providers are subject to background checks.
- Providers in all Territories are subject to the same health and safety requirements other child care providers must meet.
- Child care providers in all Territories also are subject to unannounced monitoring visits, requiring providers to have background checks and requiring them to report serious injuries that occur while a child is in care.

Conclusion

The FY 2006-2007 CCDF Plans highlight the efforts of Lead Agencies across the country as they work to improve the effectiveness, affordability and supply of child care for low-income families, while making quality investments. The information presented in the CCDF Plans lends useful insight for crafting collaborative action that will be responsive to current and emerging needs of child care administrators, parents, providers and the public, and will increase our national capacity to offer quality care that makes a difference in the lives of children and families.