

Administration for Children and Families (ACF), Office of Child Care (OCC) announced a new rule that will lower costs for families that receive child care subsidies, improve payment practices to child care providers, and increase families' child care options. The changes make much needed updates to the Child Care and Development Fund (CCDF), which is the nation's largest funding stream to help families afford child care and improve quality in child care settings.

Key updates to CCDF include:

**Reducing costs to families:** The rule limits the amount that families pay to no more than 7 percent of their household income and makes it easier for Lead Agencies to eliminate co-payments for many more families.

**Improving payments to providers:** The rule requires Lead Agencies to make on-time payments to child care providers and better cover the cost of providing care, common business practices that will make it easier for child care providers to participate in CCDF and will better stabilize their operations.

**Expanding choices for families:** The rule will make it easier for families to find child care that meets their needs.

**Cutting red tape:** The rule clarifies flexibilities for presumptive eligibility to allow more families to start child care assistance right away so they do not lose out on a job opportunity. It also encourages Lead Agencies to streamline enrollment processes to make it easier for families to apply for and receive child care assistance if they have already demonstrated eligibility for another benefit program.

The rule strengthens key policies in the Child Care and Development Block Grant Act of 2014 and builds on the guidance provided in the 2016 CCDF final rule. OCC commends CCDF Lead Agency recent efforts to stabilize and strengthen the child care sector across the country and looks forward to partnering with Lead Agencies to continue to build a child care subsidy program that meets families' needs and supports a more stable child care sector. The rule published today addresses programmatic and systemic challenges in the child care system.

**CCDF Final Rule:** <https://www.acf.hhs.gov/occ/outreach-material/2024-ccdf-final-rule>

**General comments:**

- The deadline for states to submit plans to HHS is July 1, 2024.
- Makes it easier (but not required) that states waive copay fees for families at or below 150% of poverty, children in foster/kinship care, children with disabilities, homeless children, children in HS/EHS and possibly other groups.
- Reducing copays to families cannot reduce payments to providers.
- Lead agencies must pay providers prospectively for services, pay based on enrollment rather than attendance (MS already does this), and use grants and contracts to fill gaps
- The final rule clarifies that the requirement for grants and contracts is in reference to direct services.
- Lead agencies are allowed and encouraged (not required) to pay the full rate for services even if its above the price providers charge private pay families.
- Establishes parameters for lead agencies to implement presumptive eligibility (but does not require that lead agencies adopt presumptive eligibility) (period can be up to 3 months)
- Requires lead agencies to implement eligibility policies and procedures that minimize disruptions to parent employment, education or training
- Lead agencies are encouraged to align eligibility periods of multiple children in the same family, so they are all redetermined at the same time