



Administration for Children and Families: Child Care and Development Fund (CCDF)

A. Funding Table

(Dollars in Millions)

	Total Appropriated	Planned Obligations FY 2009	Planned Obligations FY 2010
Grants	\$1,995.0	\$1,995.0	\$0.0
Technical Assistance	5.0	2.5	2.5
Total	2,000.0	1,997.5	2.5

B. Objectives

The American Recovery and Reinvestment Act (Recovery Act) provided \$2 billion in supplemental funding to the Child Care and Development Fund (CCDF) for grants to states, territories, tribes, and tribal organizations for child care assistance for low-income families and to: (1) allow each state maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such state; (2) promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs; (3) encourage states to provide consumer education information to help parents make informed choices about child care; (4) assist states to provide child care to parents trying to achieve independence from public assistance; and (5) assist states in implementing the health, safety, licensing, and registration standards established in state regulations. These goals relate to HHS Strategic Objective 3.1: Promote the economic independence and social well-being of individuals and families across the lifespan. The HHS Strategic Plan, Fiscal Years 2007 – 2012 can be found at: <http://aspe.hhs.gov/hhsplan/>.

C. Activities

The purpose of these funds is to provide additional funds to current state, tribe, and territorial grantees for the purpose of providing child care financial assistance to low-income working families. In addition, the Recovery Act specifies that states must use approximately \$255 million of the \$2 billion total funds for quality activities, of which approximately \$94 million must be used to improve the quality of infant and toddler care.

D. Characteristics

All but one-quarter of one percent (\$5 million) of the total \$2 billion in funding will be supplemental funds distributed in the form of formula grants to state, tribe, and territorial grantees. The \$5 million is reserved as allowed under current program regulations to support the existing Child Care Technical Assistance Network to provide technical assistance to grantees. One hundred percent of the technical assistance funds will be distributed in the form of contracts or through modifications to existing contracts. Child care funds are distributed to grantees under the existing statutory formula.



Some plans include a characteristics table. The following is an example from NIH and ACF. If a plan includes a characteristics table, please use the following format. The table headers (or side headers) can change. Please note: NIH also uses this table for Milestones.

Purpose	Type of Award	Funding Amount	Recipient
Expand child care services	Supplemental funding via formula grants	Approximately \$1.7 billion	States, tribes and territories
Improve quality of services	Supplemental funding via formula grants	\$255 million of which \$93.6 million for infant and toddler care	States and territories
Technical Assistance	Supplemental funding via new contracts or modifications to existing contracts	\$5 million (1/4 of 1%)	Existing Child Care Technical Assistance Network
TOTAL = \$2 Billion			

E. Delivery Schedule

Child Care and Development Fund (CCDF) for grantees:

- Announcement of supplemental grant awards available to states, tribes, and territories – April 9, 2009
- Guidance provided to grantees (PI #CCDF-ACF-PI-2009-03) regarding additional CCDF Discretionary funding made available (<http://www.acf.hhs.gov/programs/ccb/law/guidance/current/pi2009-03/pi2009-03.htm>) – April 9, 2009
 - i. (As Needed): Grantees that decide to make a programmatic or administrative change to the child care program in FY 2009 as a result of the availability of Recovery Act funding – must submit amendment to existing CCDF plan within 60 days of making the change. (Plan amendments can be approved retroactively.)
 - ii. (As Needed): Child Care Bureau (CCB) will review and approve CCDF Plan amendments submitted by grantees – within 90 days of receipt.
- Funds made available for use by states, tribes, and territories – April 13, 2009.
- Ongoing: Monitor grantee expenditure of funds through review of quarterly ACF-696 and annual ACF-696T Financial Reports (from tribes). Confirm compliance with grant award terms and conditions.

Child Care Bureau (CCB) technical assistance funds:

- Modify existing technical assistance contracts and award supplemental funds – June 19, 2009.
- Review and approve contract deliverables – June 2009 and ongoing.



- Modify existing technical assistance contracts for FY 2010 awards, develop new contracts, and award funds – January 2010.

F. Environmental Review Compliance

The distribution of additional funds to the Child Care and Development Fund (CCDF) as a result of the Recovery Act is categorically excluded from environmental review based on Category 2 section F - Functional Exclusion: Grants for Social Services under Chapter 30-20-30 of the HHS General Administration Manual. By definition, the use of these funds: (1) mitigates social and environmental impacts; (2) does not include construction or alterations of the human environment; and (3) have no anticipated individual or cumulative significant effect on natural or cultural assets. Therefore CCDF qualifies for a Categorical Exclusion from National Environmental Protection Act (NEPA) and will be reported under Section 1609(c) report form for ACF.

G. Measures

Table 1

Measure	Type	Most Recent Result	FY 2009 Target	FY 2010 Target	FY 2010 +/- FY 2009
Ensure that at least 32 percent of children are served through CCDF, Temporary Assistance for Needy Families (TANF), and Social Services Block Grant (SSBG) child care funding as compared to the number of children in families with income under 150 percent of the Federal Poverty Level ¹ .	Outcome	FY 2007: 30% (Target Not Met) ²	32%	32%	Maintain ³
Amount of Recovery Act child care funds expended by states, territories and tribes.	Output	TBD (new output measure)	\$760 million	\$1,140 million	+ 380 million

¹ This measure estimates the average monthly number of children receiving child care subsidies from all federal sources (Temporary Assistance for Needy Families, Child Care and Development Fund [CCDF], and Social Services Block Grant), compared on an annual basis to an estimate of the average monthly number of children who may be eligible for child care subsidies. Under CCDF law, states have substantial flexibility to establish their own rules regarding eligibility for child care subsidies within broad federal guidelines. This estimate of potentially eligible children does not take into account state-specific eligibility thresholds and other requirements families must meet to receive child care subsidies.

² The FY 2007 data for this measure is preliminary. The final data for this measure will be available in summer of 2009. ACF will provide additional updates and explanation for the actual performance on this measure at that time.

³ Since the outcome measure is expressed as a percentage, calculated by the total number of children served as compared to the total number of eligible children, the goal of the measure is to maintain this level at 32 percent.



Table 2

Data Source	Data Validation
State monthly case-level report administrative data (ACF-801) and Child Care and Development Fund (CCDF) expenditure data.	The Child Care Bureau Information System (CCBIS) is a web portal that receives and processes CCDF child care aggregate and case level data from the 50 states, the District of Columbia, territories, and tribes. It allows federal staff to access data obtained from the tribal annual report, state annual aggregate report, and state monthly case-level report. All data received via the CCBIS are stored in national databases. Further, CCB gave ACF Regional offices access to the CCBIS to track grantee data submissions and further enhance data quality.
Monthly Treasury Report of Outlays	Payment Management System

Results for the outcome measure are reported annually; more frequent reporting would impose an undue burden on states, territories and tribes. Furthermore, Census Bureau data used as part of the denominator is only available on an annual basis. The output measure related to financial data is reported on quarterly. Performance results will be posted on the Child Care Bureau website (<http://www.acf.hhs.gov/programs/ccb/>).

This annual outcome measure is calculated based on the number of potentially eligible children whose families are below 150 percent of the federal poverty line (which may increase under the current economic conditions), relative to the number of children who receive child care subsidies (which also may go up based on additional funding from the Recovery Act). The targets are ambitious, particularly given the 30 percent result for FY 2007. By law, CCDF affords states great flexibility in how they design their subsidy programs. As a result, states may use additional funding in a number of ways to meet their specific needs, such as making adjustments to program eligibility requirements, child care provider reimbursement rates, family co-payment amounts, or quality improvement activities. Only some of these options would impact the number of children served (the numerator).

The output measures regarding the number of Recovery Act grants and level of and tribes) are able to access and utilize the Recovery Act funding. The degree to which all grantees utilize funding is directly relevant to program performance.

H. Monitoring and Evaluation

All Recovery Act programs will be assessed for risk and to ensure that appropriate internal controls are in place throughout the entire funding cycle. These assessments will be done consistent with the statutory requirements of the Federal Manager’s Financial Integrity Act and the Improper Payments Information Act, as well as OMB’s circular A-123 “Management’s Responsibility for Internal Control.”

The Child Care and Development Fund (CCDF) has been identified by OMB in Circular A-11, Section 57, as one of the programs that is required to report annually on the extent of the erroneous payments and the actions to reduce erroneous payments. CCDF improper authorizations for payment are estimated on a fiscal year



Department of Health and Human Services
American Recovery and Reinvestment Act
Improving Children and Community Services



basis. States select a random statewide sample of cases for each month of the fiscal year.

States conduct reviews of sampled cases using the ACF-400 Record Review Worksheet template. The template consists of four sections designed for review of the following areas:

- Section I: State Child Care Program Forms – Review the presence and completeness of application/re-determination forms.
- Section II: Priority Group Placement – Review if the child met the criteria of state-designated priority groups.
- Section III: General Program Requirements – Review if the client met the state's definition of parent, residency requirements, and if the client was working or attending a job training or educational program or other eligible activity. Review the child's eligibility for a subsidy, the number of hours of care authorized, and if child care provider regulatory requirements were met.
- Section IV: Income and Payments – Review if the household income met state requirements and if the computation of the amount authorized was accurate based on income and family size, the state's payment rate schedule, and the sliding fee schedule (parent co-pay requirement).

Funded grantees must submit quarterly financial and programmatic reports required by Section 1512 of the Recovery Act. In addition, as specified in 45 CFR Part 98, states must report to ACF annually aggregate data on the number of families and children receiving services, the number and types of providers serving families, payment methods, and consumer education efforts. Quarterly case-level reports are required to provide data on the characteristics of families and children receiving subsidies and payments to providers. States also must submit quarterly expenditure reports. Quarterly financial reports are reviewed by ACF Regional staff for compliance with CCDF regulations.

Based on their annual budget authority in FY 2004, forty-four of ACF's programs were subject to the requirements under the Improper Payments Information Act of 2002 (IPIA). Four of those – including the Child Care Development Fund – were identified in the Office of Management and Budget's (OMB) Circular A-11 several years ago as high risk programs. ACF issued a final rule in October 2007 adding error rate reporting to CCDF regulations. ACF employs a case record review process to determine whether child care subsidies were the correct amount for eligible families. The methodology focuses on administrative errors and improper authorizations for payment made during the client eligibility determination process. States are required to report to ACF error rates and the estimated annual amount of improper authorizations for payment, as well as identified areas of high risk and low performance in the child care program. States must set targets for future reviews and describe actions that will be taken to correct the causes of improper payments, including infrastructure and information system changes.

CCDF funds for grantees: Existing accountability measures for CCDF formula grant awards are outlined in the terms and conditions of grant awards and include compliance with OMB Circular A-133 and the Single Audit Act of 1984; compliance



Department of Health and Human Services
American Recovery and Reinvestment Act
Improving Children and Community Services



with 45 CFR Part 98 and 99; compliance with CCDF regulations at 45 CFR 98.100 which require states, D.C., and Puerto Rico to report on error rates and improper payments made in the CCDF program; and compliance with CCDF regulations at 45 CFR 98.65 to submit quarterly financial status reports (tribes submit reports annually) until all grant award funds have been liquidated.

CCDF funds for technical assistance: A Federal Project Officer within CCB is assigned to each technical assistance contract to oversee project activities, ensure contractor performance, and provide technical direction. Each Federal Project Officer works closely with the Federal Contracting Officer (in the HHS Program Support Center) to ensure accountability and compliance with Federal Acquisition Regulations (FAR) and other requirements.

I. Transparency

ACF will be open and transparent in all of its grant awards, contracting and activities that involve spending of Recovery Act funding consistent with statutory and OMB guidance. ACF will ensure that recipient reporting required by Section 1512 of the Recovery Act and OMB guidance is made available to the public on Recovery.gov by October 10, 2009. ACF will inform recipients of their reporting obligation through standard terms and conditions, contract documents, and other program guidance. ACF will provide technical assistance to grantees and contractors to ensure compliance with reporting requirements.

Funded grantees must submit quarterly financial and programmatic reports required by Section 1512 of the Recovery Act through the central collection system established by OMB. In addition, as specified in 45 CFR Part 98, states must submit to ACF on a quarterly basis reports documenting categorical expenditures from the CCDF grant award including spending on administrative activities, quality activities, direct services, non-direct services. Grantees also are required to submit administrative data reports, both aggregate and case-level, indicating the number and characteristics of families and children receiving CCDF subsidies as well as other programmatic information. ACF posts data tables which display information for each grantee on its website for public viewing. These reporting mechanisms ensure that both financial and programmatic activities undertaken by grantees are transparent to the public.

The Child Care Bureau has centrally located all Recovery Act information specific to CCDF on its website at:

<http://www.acf.hhs.gov/programs/ccb/initiatives/arra/index.htm>. This information includes program guidance and funding allocations and will include links to program and financial data. Annual performance results are available in the annual ACF Budget Justification and Online Performance Appendix (available at: <http://www.acf.hhs.gov/programs/olab/budget/index.html>).

J. Accountability

To ensure that managers are held to high standards of accountability in achieving program goals under the Recovery Act, ACF will build on and strengthen existing processes. Senior ACF and Child Care Bureau officials will meet regularly with



Department of Health and Human Services
American Recovery and Reinvestment Act
Improving Children and Community Services



senior Department officials to ensure that projects are meeting their program goals, assessing and mitigating risks, ensuring transparency, and incorporating corrective actions. The personnel performance appraisal system will also incorporate Recovery Act program stewardship responsibilities for program and business function managers. Program and senior managers are accountable for the oversight of performance results and improvement actions through the Performance Management Appraisal Program (PMAP). The PMAP evaluates employee performance in key areas related to organizational goals, and is linked to both incentives that reward successful performance and compliance action against unacceptable performance.

States described a range of corrective actions they had taken or planned to take to reduce the amount of improper authorizations for payment. Strategies included training, more frequent case record reviews, improved monitoring or audits, increased awareness through review of results, and targeted corrective actions to managers. States reported action steps to hold staff accountable at both the agency and staff level. Agency accountability steps included performance improvement plans, decisions whether or not to contract with local agencies based on payment accuracy performance, and annual management reviews with corrective action plans if case reviews fail to meet targets.

K. Barriers to Effective Implementation

None identified.

L. Federal Infrastructure

Not applicable.