



No. 26

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## S. 1086 – Child Care and Development Block Grant Act of 2014

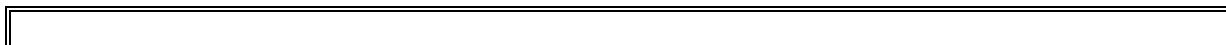
### Noteworthy

**Floor Situation:** On Thursday, February 27, Senator Reid filed cloture on the motion to proceed to S. 1086 and indicated on the floor a willingness to potentially vitiate cloture and move to the bill through unanimous consent. It is anticipated the Senate could move to the legislation this week.

**Background:** The Child Care and Development Block Grant (CCDBG) provides formula-based block grant funding to states to subsidize child care for children under age 13 whose parents are employed or participating in education or training programs. CCDBG receives both discretionary and mandatory funding. Authorization expired in fiscal year 2002. The discretionary program has continued to receive funding through the annual appropriations process. The mandatory funding has continued through a series of short term extensions. Fiscal year 2014 [spending](#) for the two funding streams totals approximately \$5.3 billion. Of this figure, \$2.4 billion is discretionary funding and \$2.9 billion is mandatory funds.

On September 18, 2013, S. 1086 was reported favorably by the HELP Committee. The committee voted by unanimous consent to report a bill with an amendment in the nature of the substitute. The committee report can be found [here](#).

**Executive Summary:** S. 1086 would reauthorize and amend the CCDBG Act with new requirements for state health and safety standards; annual, unannounced onsite monitoring of licensed providers; background checks of child care staff and providers; expanded compliance with child abuse reporting requirements; and coordination with other programs.



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## Overview

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The CCDBG Act was originally signed into law in 1990 as a component of the Omnibus Budget Reconciliation Act ([P.L. 101-508](#)). Until 1996, four separate federal programs provided child care to low-income families. Three of these programs were tied to Aid to Families with Dependent Children (AFDC) as families on AFDC were entitled to free child care. Working families who left AFDC remained eligible for 12 months of transitional, subsidized child care. At the time, these programs operated under separate rules and targeted separate populations. All three received mandatory funding. The fourth program prior to 1996 to provide child care for low-income families was the CCDBG. This program provided child care assistance to low-income families who did not receive AFDC benefits. The CCDBG program received discretionary funds.

As part of welfare reform in 1996, three mandatory child care assistance programs tied to AFDC were consolidated into a block grant. Additionally, AFDC was repealed, and the Temporary Assistance for Needy Families was established in its place. The 1996 law ([P.L. 104-193](#)) instructed that the consolidated block of mandatory funding be administered according to CCDBG regulations. The law authorized and appropriated funding for the new mandatory child care program through fiscal year 2002, and also reauthorized the discretionary CCDBG program through fiscal year 2002.

Temporary extensions continued mandatory child care funding into fiscal year 2006. In 2006, the Deficit Reduction Act ([P.L. 109-171](#)) reauthorized and increased mandatory spending for child care by \$1 billion in each of fiscal years 2006-2010, to bring annual mandatory funding to \$2.917 billion. This level of mandatory funding has been maintained through a series of short-term extensions through fiscal year 2014. Discretionary funding was \$2.36 billion for fiscal year 2014; \$2.16 billion for fiscal year 2013 post sequester; and \$2.28 billion for fiscal year 2012.

To be [eligible](#) for assistance through the Child Care and Development Fund (CCDF; the combination of the two funding streams), children must be under age 13, be living with parents who are working or enrolled in school or a training program, or in need of protective services. States are required to spend at least 70 percent of their mandatory funds for families who receive TANF assistance, who are working to become independent of TANF, and/or are at risk of becoming dependent on TANF assistance. States are required to submit to the Department of Health and Human Services (HHS) a plan that demonstrates how they will meet the child care needs of these families. States are to use the remaining funds, including the discretionary money, on child care services to eligible families who are not currently on TANF but are at risk of welfare dependency.

The program offers vouchers to families to permit maximum choice in selecting a child care provider from among those authorized to operate and provide such services within the state. Some states also give parents the option of enrolling children with providers that have a grant or contract with the state program to provide such services. In fiscal year 2011, 90 [percent](#) of children served with CCDBG funds received a voucher from their state.

According to federal law, children eligible for services are those whose family does not exceed 85 percent of the state median income. States have the discretion to set eligibility limits lower than the federal maximum. The CCDBG program also requires families to contribute to the cost of child care based on a sliding fee scale. States have the discretion to waive this for families at or below the poverty level.

Additionally, states are also required to spend at least four percent of total funding on consumer education for parents and the public; to increase parental choice; and to improve the quality of child care through such activities as professional development, licensing and monitoring, and increasing provider pay. No more than five percent may be used on state administrative costs.

According to the most recent HHS [data](#), in fiscal year 2012 approximately 1.5 million children received child care assistance through CCDF funding in the average month. This represents assistance to 903,500 families.

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## **Bill Provisions**

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### **Section 3**

Authorizes such sums as may be necessary for each of fiscal years 2015 through 2020.

### **Section 4**

Requires governors to designate an agency or establish a joint interagency office to serve as the lead entity for the state.

### **Section 5**

Stipulates that a state plan is to cover three years. Not later than one year after the state has put policies in place regarding the licensing and regulatory requirements of the legislation, it is to make public by electronic means the results of monitoring and inspection reports, including those due to substantiated complaints.

Requires states to collect and disseminate information to parents of eligible children and the general public that will promote informed child care choices, including information on the availability of child care services through programs for which the family may be eligible; information on the quality of child care providers; and other programs for which families who receive financial assistance for child care may be eligible. States are also to collect and disseminate information on developmental screenings and how families can access screenings.

A state plan shall include a certification that it has a licensing requirement for child care providers and details on how requirements are enforced. If CCDBG funds are used for child care providers that are exempt from its licensing requirements, the state is required to detail how the exemption does not endanger the health, safety or development of children who receive services from exempt providers.

The state plan is to describe training requirements for child care providers that are designed to promote the social, emotional, physical and cognitive development of children who receive CCDBG services. It will provide an assurance that training provides workforce and competency

standards for child care providers, including evidence-based training to improve child outcomes, and which are appropriate for different age groups, English learners, and children with disabilities. The state shall develop a statewide progression of professional development that may include postsecondary education or credentials. However, the Secretary of HHS may not require a credential for providers of CCDBG services.

The state plan is to provide child-to-provider ratio standards, group size-limit standards, and qualifications for CCDBG providers.

Certification and compliance shall be required in the state plan regarding health and safety requirements detailed in the legislation applicable to providers under the CCDBG program. Areas to be covered include prevention and control of infectious diseases, hand-washing, response to allergic reactions, and building safety.

The state plan is required to include a certification that the state, within two years of enactment, shall have policies in place applicable to inspectors of child care providers. Policies are to ensure that inspectors of child care providers and facilities receive training in health and safety requirements, child development, child abuse prevention, and relevant law enforcement. States are to maintain a ratio of inspectors to child care providers that allow inspections at least annually.

The plan is to describe how the state will comply with federal child abuse reporting requirements and how it will increase the supply and improve the quality of child care for children in underserved areas, for infants and toddlers, and for children with disabilities.

Eligibility for child care services under CCDBG shall be effective for not less than 12 months, regardless of a temporary change in a parent's work or school status, if family income does not exceed 85 percent of the state median income based on family size. The state plan must discuss the process for initial determination and redetermination of eligibility. The bill notes that working parents are not required to unduly disrupt their employment for redetermination of eligibility. A state may indicate in its plan that it will not terminate assistance based on loss of job or end of a training or education program without a reasonable period of transition of not less than three months. Its plan must describe phase-out of assistance when income exceeds eligibility.

The state plan must describe how the state will address continuity of care and assist children enrolled in prekindergarten or Head Start programs to access full-day services. It will detail how it will encourage partnerships among state agencies, other public agencies, and private entities to leverage existing service delivery systems for early childhood education and care, and to increase the supply and quality of child care.

A state plan must address how it will prioritize child care services to low-income populations.

The bill requires a state plan to discuss how it will develop or implement early learning and developmental guidelines that are appropriate from birth through entry into kindergarten. Guidelines are to align with state standards for education in kindergarten through grade three.

Child care providers are to be regulated or licensed under state law, and provider may not be a relative of all children in the provider's care. Each state is to use at least 70 percent of CCDBG funding to pay for direct services.

This section also requires states to certify that payment for child care services under CCDBG is sufficient to ensure equal access for eligible children to those available to children who do not receive CCDBG services. There is no restriction on differentiated rates based on geography, age or needs of the child, or care for nontraditional hours.

### **Section 6**

Requires states to reserve and use a portion of their CCDBG funding for activities designed to improve the quality of child care services and increase parental options for and access to high-quality child care services: six percent for the first and second fiscal year after enactment; eight percent for the third and fourth fiscal years; and 10 percent for the fifth fiscal year and each succeeding year.

An additional three percent of funding is to be reserved in each fiscal year specifically to improve the quality of care of infants and toddlers. The bill details allowable activities, and requires states to carry out at least two of the allowable activities.

States are required to certify annually that they are in compliance and to report to the Secretary of HHS how much funding was reserved and how those funds were utilized.

### **Section 7**

States that receive CCDBG funding shall have policies, requirements, and procedures to require and conduct criminal background checks for child care workers. Specifications of the background check are detailed in the legislation. Background checks are to be conducted not less than once every five years and for prospective staff members.

States that receive CCDBG funding shall have licensing, regulation, and registration requirements that prohibit the employment of child care staff based on prohibitions detailed in the legislation, such as if the person refuses to consent to a background check, is registered or required to register with a state sex offender registry, or has been convicted of certain felonies.

Each state is to carry out a criminal background check at the request of a child care provider within 45 days. The bill contains provisions to address privacy and an appeals process.

### **Section 8**

Permits states to submit a request for a waiver to the Secretary of HHS from any provision of federal law related to the delivery of child care services that conflict with CCDBG.

Requires the Secretary of HHS to operate a national toll-free hotline and website ([childcare.gov](http://childcare.gov)) to disseminate child care consumer education information to assist parents to access safe, affordable, and quality child care in their community and to allow people to report suspected child abuse or neglect, or violations of health and safety requirements by a child care provider. Information to be provided by the hotline and the website is detailed in the legislation.

## **Section 9**

The Secretary of HHS is to reserve not less than \$1 million to operate the toll-free hotline and website.

In the absence of any state licensing and regulatory requirements, the Secretary of HHS, in consultation with Indian tribes and tribal organizations, shall develop minimum child care standards that are to be applicable to Indian tribes and tribal organizations that receive CCDBG funding.

## **Section 11**

The Comptroller General of the United States is to conduct a study to determine for each state the number of families who are eligible to receive assistance under CCDBG; have applied for assistance; and have been placed on a waiting list. The Comptroller General is to report the results of the study to the Congress within two years of enactment, and every two years thereafter.

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## **Administration Position**

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The Administration has not issued a formal position on the legislation.

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## **Cost**

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The Congressional Budget Office [estimates](#) that implementing S. 1086 would cost \$13.1 billion over the 2015-2019 period if the program is fully funded. However, the actual funding level is subject to future appropriations. Pay-as-you-go procedures do not apply to this legislation because it would not affect direct spending or revenues.

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## **Possible Amendments**

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The amendment situation is unclear at this time.

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RPC Staff Contact: Dana Barbieri, 224-2770