



Child Care and Development Fund

American Recovery and Reinvestment Act Implementation Plan

A. Funding Table

(Dollars in millions)			
Child Care and Development Block Grant (CCDBG)	FY 2009 Actual	FY 2010 Estimate	FY 2011 Estimate
	Obligations	Obligations	Obligations
Grants	1,995.0	0	0
Technical Assistance	2.0	3.0	0
Total	1997.0	3.0	0

B. Objectives and Public Benefits

The American Recovery and Reinvestment Act (Recovery Act) provided \$2 billion in supplemental funding to the Child Care and Development Fund (CCDF)¹ 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.

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

¹ The Recovery Act funds for CCDF are designated for the Child Care and Development Block Grant, which provides discretionary funding for states to allow maximum flexibility in developing child care programs.



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 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.

Purpose	Type of Award	Funding Amount	Recipients
Expand child care services, including direct services and quality improvement	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	Funding via 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
 - (As Needed): Grantees that decided 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 – submitted amendment to existing CCDF plan within 60 days of making the change. (Plan amendments may be approved retroactively.)
 - (As Needed): Child Care Bureau (CCB) reviewed and approved CCDF Plan amendments submitted by grantees – within 90 days of receipt
- Funds made available for use by states, tribes, and territories – April 13, 2009
- Information memorandum provided to grantees (CCDF-ACF-IM-09-01) regarding flexibility and uses of CCDF Recovery Act funding (<http://www.acf.hhs.gov/programs/ccb/law/guidance/current/im2009-01/im2009-01.htm>) – June 2, 2009
- Provided guidance to CCDF Lead Agencies on recipient reporting requirements under section 1512 of the Recovery Act



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(<http://www.acf.hhs.gov/programs/ccb/initiatives/arra/1512/index.htm>) —September 30, 2009

- Issued revised CCDF expenditure reporting forms (ACF-696 and 696T) to include ARRA funds (<http://www.acf.hhs.gov/programs/ccb/law/guidance/current/pi2009-08/pi2009-08.htm>; <http://www.acf.hhs.gov/programs/ccb/law/guidance/current/pi2009-09/pi2009-09.htm>)--October 29, 2009
- Ongoing: Monitor grantee expenditure of funds through review of quarterly ACF-696 and annual ACF-696T Financial Reports (from tribes), and review 1512 Report submissions. Confirm compliance with grant award terms and conditions. – Quarterly and Ongoing

Child Care Bureau (CCB) technical assistance funds:

- Modify existing technical assistance contracts and award supplemental funds – September 23, 2009
- Review and approve contract deliverables – September 30, 2009 and ongoing
- Modify existing technical assistance contracts for FY 2010 awards, develop new contracts, and award funds – May 31, 2010

F. Environmental Review

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. Any funding that includes construction or alterations will not fall under this categorical exclusion and will be subject to an environmental assessment. 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.



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G. Measures

Regarding the first measure in the performance measures table below, HHS does not require states to separately report on the number of children with child care services funded by ARRA, but rather allows for these children to be reported in combination with children served by other funding sources. Therefore the data in this measure are estimates based on each state’s use of ARRA child care funds for direct services and its subsidy cost per child. The measure is based on information provided by states on the ACF-696 Financial Report. CCB added “Column D” to the ACF-696 to capture the categorical expenditure of ARRA funds separately from other CCDF funding streams. States report how much of the ARRA funds are spent on direct services, which could include providing subsidies to additional families (such as those on a waiting list), but also includes supporting direct services for families already receiving a subsidy. States have reported using ARRA funds to lower co-payments for families, extend subsidy eligibility for longer periods of job search, and to provide higher reimbursement to child care providers serving subsidized children. Therefore, this measure does not indicate the number of children new to CCDF served using ARRA funds because it includes expenditures on families already receiving services.

Regarding the second and third performance measures, targets are based on expectations set by States based on the resources available and priorities of the grantees. Barriers to reaching targets may include changes to state budgets and priorities and changes to the needs of families in the states.

Outcome / Achievement	Units	Type	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	Program End
Estimated number of children receiving subsidies in the CCDF program supported by Recovery Act funds. ² (quarterly output)	Number of Children	TARGET			132,000	156,000	180,000	190,000	200,000	210,000	220,000	220,000
		ACTUAL	60,000	108,000								
Increase the number of states implementing policy	Number of States	TARGET			25	27	27	30	33	35	35	35
		ACTUAL		24								

² This measure makes the assumption that children receive services over a 12-month period (i.e., this is the number of children that could have been supported in a year with ARRA funds).



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changes to increase access to child care. ³ (quarterly output)												
Increase the number of States investing in systemic quality changes. ⁴ (quarterly output)	Number of States	TARGET			12	13	15	18	20	20	20	20
		ACTUAL		10								

Data Source	Data Validation
Measure 1: ACF-696 Financial Report, Column D, ARRA Expenditures	States submit the ACF-696 on a quarterly basis, however it is not due until 30 days after the end of the quarter. CCB will be able to provide actual data on whether the targets for this measure have been met approximately 2 months after the end of each quarter. Expenditure data is subject to automated systems checks and review by ACF Regional Office staff.
Measures 2 and 3: Quarterly Section 1512 Reports	Information provided by states and Regional Offices. CCB will be able to provide actual data on whether the targets for this measure have been met approximately 2 months after the end of each quarter. Data are from Section 1512 reports that are reviewed by CCB Central Office staff and from information provided and verified by CCB Regional Office staff.

³ Policy changes may include increasing provider payment rates, decreasing parental co-payments, increasing income eligibility levels, expanding the definition of work, and decreasing or avoiding waiting lists.

⁴ Systemic quality changes may include Quality Rating and Improvement System creation or expansion, child care provider professional development plans or systems, training registries for child care providers.



H. Monitoring/Evaluation

All Recovery Act programs will be assessed for risk to ensure that appropriate internal controls are in place throughout the entire lifecycle of the program. These assessments are conducted by operating components to comply 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" (including Appendices A, B, and C).

ACF's risk management process fits within the overall governance structure established at HHS to address Recovery Act program risks. The HHS Risk Management and Financial Oversight Board provides executive leadership and establishes accountability for the risk assessment process related to internal controls over financial reporting, and the HHS Senior Assessment Team ensures that risk assessment objectives are clearly communicated throughout the Department. ACF's Recovery Act Coordination Team carries out comprehensive annual assessments of its Recovery Act program(s) to identify risks and develop strategies to address them, including those associated with selecting recipients, awarding and overseeing funds, and achieving program goals. It meets weekly to monitor and assess the effectiveness of mitigation strategies and identify emerging risks.

In addition, ACF has presented its high level risks to the Recovery Act Implementation Team. Chaired by the Deputy Secretary and comprised of senior policy officials from throughout the Department, the Implementation Team convenes monthly to monitor progress in carrying out Recovery Act program and address the obstacles and risks that could impact on their success.

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, which include separate reporting for ARRA expenditures. Quarterly financial reports are reviewed by ACF Regional staff for compliance with CCDF regulations.

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 under the Improper Payments Information Act of 2002 (IPIA) to report annually on the extent of the erroneous payments and the actions to reduce erroneous payments. 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 authorized correctly for eligible families. States select a random statewide sample of cases for each month of the fiscal year.

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 with 45 CFR Part 98 and 99; compliance



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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 is open and transparent in all of its grant competitions and regulations depending on what is appropriate for program activities that involve spending of Recovery Act funding consistent with statutory and OMB guidance. ACF issued guidance for CCDF Lead Agencies on recipient reporting required by Section 1512 of the Recovery Act, and informed recipients of their reporting obligation through standard terms and conditions, contract documents, and other program guidance. ACF provides technical assistance to grantees and contractors to ensure compliance with reporting requirements.

ACF ensures that recipient reports required by Section 1512 of the Recovery Act are submitted and reviewed for material omissions and significant errors that would mislead or confuse the public. ACF informs recipients of their reporting obligation through standard terms and conditions, grant announcements, contract solicitations, and other program guidance. In addition, ACF provides key award information to recipients and other technical assistance to grantees and contractors and fully utilizes Project Officers to ensure compliance with reporting requirements.

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 has built upon and strengthened existing processes. Senior ACF and Child Care Bureau officials will meet regularly with 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 also incorporates 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 have taken or planned to take to reduce the amount of improper authorizations for payment. Corrective action 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.

Summary of Significant Changes:

Updated with new performance measures to more clearly communicate the impact of Recovery Act funding for this program.