

# Report for Congress

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## **Child Care: State Programs Under the Child Care and Development Fund**

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Domestic Social Policy Division

# Child Care: State Programs Under the Child Care and Development Fund

## Summary

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193, PRWORA) restructured the major federal-state child care programs. It repealed three welfare-related child care programs and initiated a new set of federal rules referred to as the Child Care and Development Fund (CCDF). The CCDF combines funds provided under Section 418 of the Social Security Act established by PRWORA with funds provided under the Child Care and Development Block Grant (CCDBG). Both streams of funding are authorized through FY2002. Funds are distributed as grants to states for their use in subsidizing child care services to low-income families with children.

Federal law defines eligible children as those under age 13 residing with a family whose income does not exceed 85% of the State Median Income (SMI), taking into account family size. The federal eligibility rules are maximum income limits for states in designing their CCDF programs. States may adopt income eligibility limits below that maximum, and currently, all but nine states have indeed set a lower eligibility limit. Regardless of the established limits, because CCDF is not an entitlement for individuals, states are not required to aid families even if their incomes fall below state-determined eligibility thresholds.

Although states are not required to guarantee child care for welfare families, states may give special treatment to families receiving assistance from the Temporary Assistance for Needy Families (TANF) program, recognizing that under TANF, both states and individuals are now subject to work requirements. Generally, TANF families continue to have some special status in states' CCDF programs. In some states, TANF families are categorically eligible for services, although they may not actually receive service because funding may not always be available. TANF families are not responsible for a co-payment for child care services in 22 states.

Federal law requires states to assure that payment rates to child care providers ensure that CCDF-eligible children receive equal access to care comparable to that available to children not eligible for subsidies. States generally set payment rates based on prevailing market rates for child care. The most recent state plans indicate that 45 states (or territories) based their current payment rates on market rate surveys conducted in 2000 or 2001; and rates of the remaining seven states were based on surveys conducted in or prior to 1999.

Federal law also requires that states use not less than 4% of federal child care funds made available for each fiscal year to administer activities designed to improve the quality of child care. Prior to 1996, the CCDBG Act included a list of activities for which the quality improvement funds were to be spent; however, those categories are no longer itemized in law. Nevertheless, as part of the CCDF plan, states indicate whether they will spend any of their child care quality funds on activities that fall into those categories authorized under prior law (and any others).

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# Child Care: State Programs Under the Child Care and Development Fund

## Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) restructured federal child care programs, as part of a larger initiative to reform the nation's welfare system. The 1996 welfare reform law repealed three welfare-related child care programs that had been authorized under Title IV-A of the Social Security Act. To replace them, the law directly authorized and appropriated mandatory funds for child care through FY2002, under Section 418 of the Social Security Act. The law also amended and extended a fourth source of child care funds, the Child Care and Development Block Grant (CCDBG) Act, which authorizes discretionary child care funds, also through FY2002.<sup>1</sup>

In addition to consolidating the various child care assistance programs, the welfare reform law established a single set of rules applicable to child care. Both mandatory and discretionary child care funds must be spent in accordance with the provisions of the reconstituted CCDBG. Because these rules apply to child care supported by multiple funding streams (i.e., the CCDBG and Section 418 of the Social Security Act), the Department of Health and Human Services (HHS) refers to the unified program as the Child Care and Development Fund (CCDF). **Figure 1** depicts the aforementioned changes to child care programs made in 1996 by the Personal Responsibility and Work Opportunity Reconciliation Act.

Under the CCDF, states receive a combination of discretionary and mandatory grants (totaling \$4.817 billion in FY2002 CCDF appropriated funds), part of which is subject to state matching requirements.<sup>2</sup> States have flexibility, within federal parameters, to determine the population they will serve. However, the law does not entitle any individual family or category of recipient to child care assistance. The intent of the CCDF is to support state-administered child care programs for both welfare families *and* low-income, non-welfare, working families, by providing subsidies to cover some or all of the families' cost of assistance. (States establish sliding fee schedules which determine the share of child care costs that eligible families are expected to pay out of their own pocket.)

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<sup>1</sup> For information on reauthorization activity in the 107<sup>th</sup> Congress, See CRS Report RL30944, *Child Care Issues in the 107<sup>th</sup> Congress*, by (name redacted). For general background information on the CCDBG, see CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding*, by (name redacted).

<sup>2</sup> For a detailed discussion of the funding streams that comprise the CCDF and the trends in spending from them, see CRS Report RL31274 *Child Care: Funding and Spending under Federal Block Grants*, by (name redacted).

Figure 1. Child Care Time Line: Pre- and Post-1996 Welfare Law

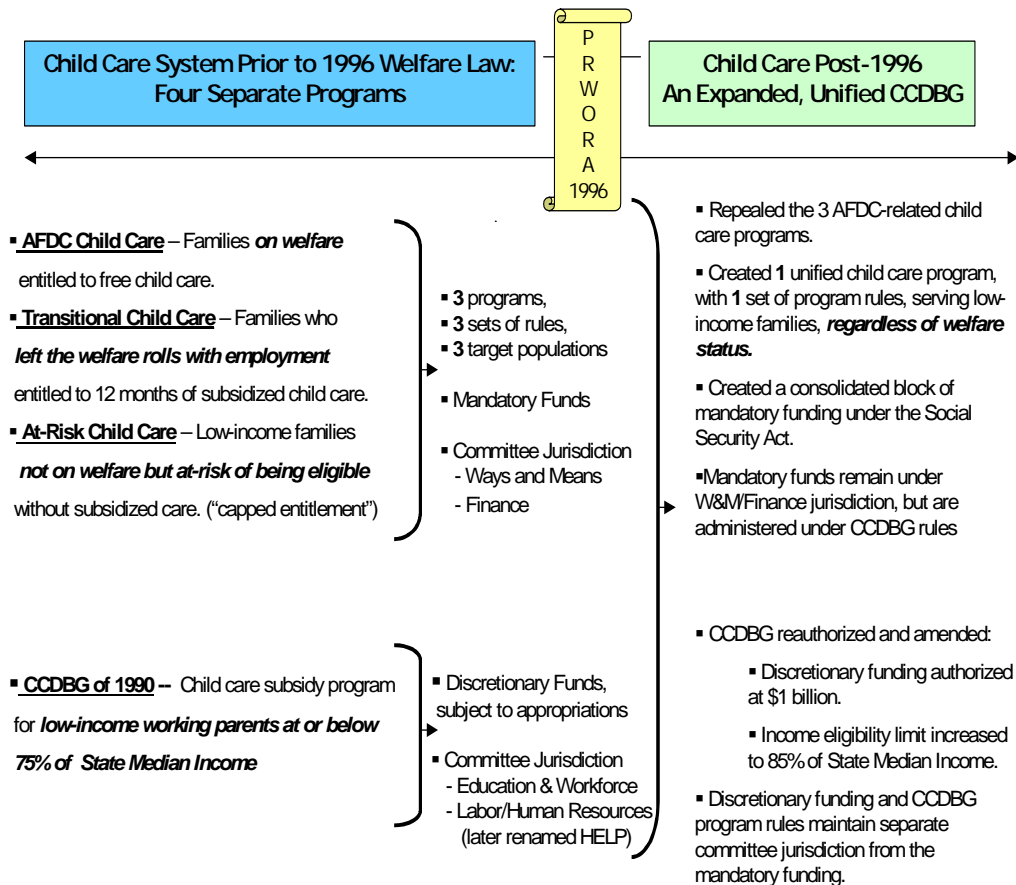


Figure prepared by the Congressional Research Service

Final rules and regulations for the CCDF require states to submit comprehensive child care plans, which cover a time period of 2 years, to the Department of Health and Human Services (HHS) for its approval.<sup>3</sup> According to regulations, public hearings and a public comment period are required. This report describes CCDF programs for fiscal years 2002-2003 for the 50 states, the District of Columbia, the Northern Mariana Islands, American Samoa, Guam, Puerto Rico, and the Virgin Islands based on information from the state plans in the following areas:<sup>4</sup>

- ! eligibility for child care assistance;
- ! treatment of families receiving, transitioning from, or at risk of becoming dependent on, public assistance;
- ! establishment of payment rates for child care providers;
- ! cost-sharing required of parents of children receiving subsidized care;

<sup>3</sup> Final rules and regulations for the unified system went into effect August 28, 1998. These regulations amended the previous CCDBG rules (45 CFR 98 and 99). The final rule implemented the child care provisions of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (P. L. 104-193) and incorporated technical corrections to PRWORA made by the Balanced Budget Act of 1997 (P. L. 105-33).

<sup>4</sup> Throughout this report, the term “state” refers to all 56 jurisdictions participating in the CCDF program.

- ! quality improvement activities undertaken by the state; and
- ! health and safety rules.

## Eligibility for CCDF-Subsidized Care

Federal law defines children eligible for CCDF-subsidized care as those under age 13 residing with a family whose income does not exceed 85% of the SMI for a family of equal size.<sup>5</sup> Eligibility is further limited to children whose parents are working or attending a job training or educational program, or children who are receiving protective services. Regulations permit states to waive, on a case-by-case basis, income eligibility requirements for children in protective care (including foster care if the state chooses to define foster care as a part of its protective services). States also have the option to aid children aged 13 to 19 who have special needs, are in protective care (including foster care), or are under court supervision.

**Income Eligibility.** The federal income eligibility rules are *maximum* income limits for states to use in designing their individual CCDF programs; states may adopt income eligibility limits below those in federal law. Because CCDF is not an entitlement for individuals, states are not *required* to aid families even if their incomes fall below the eligibility threshold established by the state. However, federal law does require states to give *priority* to families with “very low incomes,” as defined by the state in their CCDF plan. While states clearly define “very low incomes” (usually in relation to either the state median income (SMI) or the federal poverty level (FPL)) in their state plans, it is not clear that “very low income” families are necessarily the *top* priority for receiving services. For instance, several states explicitly prioritize TANF families above “other eligible families with very low incomes” in their list of priority rules.

**Table 1** illustrates the CCDF income eligibility limits across the 50 states and territories for a family of three.<sup>6</sup> Because median incomes vary by state, the income eligibility as a percentage of the state’s median income is useful for comparing relative eligibility levels across the states and territories. As shown in **Table 1**, there is considerable variation among states with respect to eligibility limits.<sup>7</sup> Eight states use the maximum allowable limit under federal law, or 85% of SMI, as their eligibility threshold for families applying for CCDF subsidies. Twenty-six states

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<sup>5</sup> A state’s median income is *not* the *average* income, but rather the income at which half of the families in the state have incomes above, and half below. The federal eligibility ceiling for each state is 85% of that amount, which varies by state. The percentage of families whose incomes fall under 85% of SMI will also vary (although it will be somewhere below 50% of all the state’s families), depending on the distribution of income in the state.

<sup>6</sup> Data are not available on the average size of families served by CCDF funds, but the average family size for families receiving welfare, one of the target populations for CCDF funds, is three (a single-mother with two children).

<sup>7</sup> In some cases, there is variation within states, based on locality or whether the individual is a new applicant as opposed to a current recipient. For example, New Jersey has an eligibility limit of 49% of SMI (200% of FPL) for entering the CCDF system. Upon receiving a subsidy, families may reach a higher limit of 61% of SMI (250% of FPL) before having to exit the system. The following states also have different eligibility limits for new applicants and current recipients: Alabama, Hawaii, Indiana, Massachusetts, South Carolina, and Wisconsin.

chose eligibility limits between 39% and 59% of the State Median Income (SMI). Twenty-two states chose income eligibility limits between 60% and 84% of the SMI.

**Table 1** also shows the general income eligibility limit for each state as a percent of the 2001 federal poverty level (scaled to a monthly amount). In 2001, the Federal Poverty Guideline for a family of three was \$14,630 in the continental United States, \$18,290 in Alaska, and \$16,830 in Hawaii. (There is not an applicable Federal Poverty Guideline for the territories.) The corresponding monthly amounts are \$1,219; \$1,524; and \$1,403.

The last column of **Table 1** shows the “very low income” eligibility limits as defined by each state and territory for a family of three. As noted, federal law requires states to give priority to families with very low incomes, however those families may compete for services with other priority categories such as TANF recipients, children in protective services, or children with special needs. As with the general income eligibility levels, there is considerable variation among states in the setting of “very low income” limits. Several states (14) designate 100% of the federal poverty level as their very low income limit, while others base their limit on a percentage of the state median income. In a few cases, states indicate that they determine the very low income limit with respect to the sliding fee scales established to determine families’ co-payments.

**Table 1. CCDF Income Eligibility Limits for a Family of Three**  
(monthly income)

State	85% of State Median Income (SMI)	Actual CCDF general income eligibility limit (as a percent of SMI)		Actual CCDF general income eligibility as a % of 2001 federal poverty guideline	CCDF very low income limit as defined by state
Alabama	\$3,118	\$1,585 2,438	(43%) entry (66%) exit	130% (entry) 200% (exit)	30% FPL
Alaska	4,481	3,244	(62%)	213%	Families qualifying for the highest subsidy on sliding fee scale (depending on the county, this income limit ranges from a low of \$1,423 to a high of \$2,020 for a family of 3).
American Samoa	925	925	(85%)	not applicable	50% SMI
Arizona	3,156	2,013	(54%)	165%	100% FPL
Arkansas	2,777	1,960	(60%)	161%	40% SMI
California	3,315	2,925	(75%)	240%	50% SMI
Colorado <sup>a</sup>	3,774	2,743	(62%)	225%	130% FPL (up to 225% FPL at county option)
Connecticut	4,495	3,966	(75%)	325%	25% SMI
Delaware	3,902	2,440	(53%)	200%	75% FPL
District of Columbia	3,706	3,470	(80%)	285%	100% FPL
Florida	3,307	2,439	(63%)	200%	100% FPL
Georgia	3,569	3,569	(85%)	293%	168% FPL
Guam	1,829	1,829	(85%)	not applicable	100% FPL
Hawaii <sup>b</sup>	3,479	3,069 3,274	(75%) entry (80%) exit	219% (entry) 233% (exit)	100% FPL
Idaho	2,838	1,706	(51%)	140%	150% FPL
Illinois	3,948	1,818	(39%)	149%	30% SMI
Indiana	3,289	1,743 2,207	(45%) entry (57%) exit	143% (entry) 181% (exit)	143% FPL



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State	85% of State Median Income (SMI)	Actual CCDF general income eligibility limit (as a percent of SMI)	Actual CCDF general income eligibility as a % of 2001 federal poverty guideline	CCDF very low income limit as defined by state
Iowa	3,455	1,890 (46%)	155%	Families working at least 28 hours per week who have incomes between 100% and 140% FPL (up to 175% for special needs child)
Kansas	3,874	2,255 (49%)	185%	100% FPL
Kentucky	3,105	2,012 (55%)	165%	165% FPL
Louisiana	2,942	2,077 (60%)	170%	100% FPL
Maine	3,038	3,038 (85%)	249%	100% FPL
Maryland	4,249	2,499 (50%)	205%	45% SMI
Massachusetts <sup>c</sup>	4,104	2,414 (50%)entry 4,104 (85%)exit	198% (entry) 337% (exit)	50% SMI
Michigan	3,895	2,172 (47%)	178%	The maximum income to be eligible for TANF or Food Stamps
Minnesota	3,967	3,501 (75%)	287%	75% SMI
Mississippi	2,513	2,513 (85%)	206%	50% SMI
Missouri	3,010	1,482 (42%)	122%	Families who pay \$1 per year on sliding fee scale (\$674/month income for family of three)
Montana	3,032	1,829 (51%)	150%	Income below TANF standards (\$494/month for family of three)
Nebraska	3,373	2,105 (53%)	173%	Income below fee schedule (\$1,219/month for family of three)
Nevada	3,539	3,123 (75%)	256%	185% TANF need standard
New Hampshire	3,630	2,648 (62%)	217%	100% FPL
New Jersey <sup>d</sup>	4,224	2,438 (49%)entry 3,048 (61%)exit	200% (entry) 250% (exit)	150% FPL
New Mexico	2,658	2,438 (78%)	200%	100% FPL
New York	3,400	2,438 (61%)	200%	Defined by social services districts; not to be greater than 200% of "State Income Standard"

State	85% of State Median Income (SMI)	Actual CCDF general income eligibility limit (as a percent of SMI)	Actual CCDF general income eligibility as a % of 2001 federal poverty guideline	CCDF very low income limit as defined by state
North Carolina	3,232	2,852 (75%)	234%	75% SMI
North Dakota	3,035	2,463 (69%)	202%	40% FPL
Northern Marianas	1,273	1,219 (81%)	not applicable	100% FPL
Ohio	3,346	2,255 (57%)	185%	15% FPL
Oklahoma	3,110	1,936 (53%)	159%	\$1,936
Oregon	3,208	2,255 (60%)	185%	185% FPL
Pennsylvania	3,543	2,438 (58%)	200%	185% FPL
Puerto Rico	1,279	1,279 (85%)	not applicable	50% SMI
Rhode Island	3,845	2,743 (61%)	225%	100% FPL
South Carolina	3,330	1,829 (47%) entry 2,134 (54%) exit	150% (entry) 175% (exit)	175% FPL
South Dakota	3,504	1,829 (44%)	150%	100% FPL
Tennessee	3,093	2,027 (56%)	166%	Eligible for TANF
Texas	3,171	3,171 (85%) <sup>e</sup>	260%	100% FPL
Utah	3,406	2,244 (56%)	184%	“TANF-eligible and all other income-eligible children are considered low income”
Vermont	2,867	2,586 (77%)	212%	Families eligible for 90-100% subsidy on sliding fee scale (up to \$1,419 for a family of three)
Virginia <sup>f</sup>	3,829	1,829 (41%) 1,950 (43%) 2,255 (50%)	146% 156% 180%	On or transitioning from TANF, or income-eligible in the fee system program
Virgin Islands	1,385	1,385 (85%)	not applicable	85% SMI
Washington	3,670	2,743 (64%)	225%	82% FPL and receiving TANF
West Virginia	2,689	2,358 (75%)	193%	40% FPL
Wisconsin	3,774	2,255 (51%) entry 2,438 (55%) exit	185% (entry) 200% (exit)	115% FPL
Wyoming	3,310	2,255 (58%)	185%	115% FPL

**Source:** Table prepared by the Congressional Research Service, based on information from the most recent CCDF state plans submitted by the states to the Department of Health and Human Services (HHS).

<sup>a</sup> In Colorado, eligibility limits vary by county, from a low of 137% of 2001 FPL to a high of 225% (62% SMI). As of April 2002, two counties' limits were below 149% of FPL, six were between 150% and 169%, 35 were between 170% and 185%, and 17 were over 185%.

<sup>b</sup> In Hawaii, the income eligibility limit for applicants is lower than the limit for recipients and those within 12 months of leaving TANF.

<sup>c</sup> In Massachusetts, for a family currently without a contracted slot or voucher, their income must be at or below 50% of the SMI in order to access the CCDF system. Once a family has a subsidy, it will remain income-eligible until its income reaches 85% of SMI.

<sup>d</sup> In New Jersey, the income eligibility limit for families entering the CCDF system is based on 200% of the 2001 FPL and the universal exit level for families is based on 250% of the 2001 FPL.

<sup>e</sup> In Texas, local workforce development boards set their own income eligibility limits, and most (but not all) Boards have established limits that are below 85% of SMI (e.g. 55% of SMI; 150% of FPL). For example, in Dallas the general monthly income eligibility limit is 150% of FPL (which for a family of three is \$1,829 (58% of SMI)).

<sup>f</sup> Virginia uses three different income eligibility levels, depending on the region's metropolitan statistical area and cost of living factors.

**Changes in Eligibility Limits over Time.** Table 1 reveals the variation among states' eligibility limits, based on information from the most recent state plans. A comparison of the current plans with the previous plans from FY2000-FY2001 (not shown), indicates that most states and territories increased the dollar amount of their general income eligibility limits for FY2002-2003.

In many cases, states' median incomes have increased, and the dollar limits set for eligibility have been set to correspond to those increases. For example, Connecticut's monthly eligibility limit (for a family of three) increased from \$3,264 to \$3,966, but both amounts reflect 75% of the SMI as measured at the time the respective plans were submitted. However, it should be noted that an increase in the dollar amount does not necessarily translate into an increase in the limit as a percentage of SMI.

Nine states made no change to their general income limit dollar amounts between the current and the previous plans. In each of those cases, the state median incomes had increased, resulting in lower limits when measured as a percentage of SMI. Only a handful of states decreased the dollar amount of their income eligibility limits, and in none of the cases does the decrease appear to reflect a change due to a decrease in the state median income.

**TANF Families and Transitioning Families.** In addition to making changes to child care programs, PRWORA also ended the program of AFDC, which provided an entitlement to cash assistance for families that met a state's standard of need. PRWORA replaced AFDC with a program of Temporary Assistance for Needy Families (TANF). Under TANF, cash assistance is no longer an entitlement, and both states and individual recipients face new work requirements: states must have a specified percentage of their TANF caseload engaged in work activities each year, and TANF recipients are required to engage in work within 2 years of receiving benefits.<sup>8</sup> Unlike under AFDC, child care is no longer guaranteed to welfare families who need child care to engage in work, education, or training.

Under pre-1996 law, families who lost eligibility for welfare due to increased earnings were entitled to transitional child care for up to 1 year if they met the state's eligibility requirements, though some states provided transitional child care for longer periods under welfare reform "waivers." Under current law, no federal rules exist requiring or limiting transitional child care, so states may establish their own rules and time limits for providing transitional care.

However, a portion of federal child care funds continues to be targeted at welfare families and families leaving welfare. Under the CCDF program, states are required to spend at least 70% of their mandatory child care funds (the funds

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<sup>8</sup> States may exempt single adult recipients (who comprise the bulk of TANF adults) with children under 1 year old from work requirements (12-month lifetime limit). TANF also forbids states to reduce or deny benefits to single parents with children under age 6 if they are unable to work due to a demonstrated lack of child care. For a more detailed discussion of TANF work participation standards, see CRS Report RL30767, *Welfare Reform: Work Activities and Sanctions in State TANF Programs*, by (name redacted).

provided under Section 418 of the Social Security Act) on the families historically served by the programs replaced under PRWORA: families receiving cash welfare (TANF) assistance, families attempting to transition from TANF to work, or those “at risk” of welfare dependency.

### **Box 1. CCDF and TANF funds**

In addition to CCDF funds, states may spend TANF funds for child care in two separate ways. First, states are permitted to transfer a combined total of 30% of their annual TANF allotments (except TANF contingency funds) to the CCDF and the Social Services Block Grant (SSBG), with a maximum limit of 10% to the SSBG. Transferred funds are treated like CCDF discretionary funds, and services provided using such funds are subject to all CCDF program requirements, including applicable state and local health and safety requirements - which include prevention and control of infectious diseases (including immunizations), building and premises safety, and minimum health and safety training appropriate to the provider setting. Second, a state may use TANF funds to pay for child care services for TANF-eligible families without transferring funds to CCDF. In this case, the child care is *not* subject to CCDF rules (including health and safety requirements); instead, funds must be spent in accordance with TANF rules.

**Note:** For more information on states’ use of TANF funds for child care, see CRS report RL31274, *Child Care: Funding and Spending under Federal Block Grants*.

As part of their CCDF plan, states are required to describe their treatment of TANF families, families attempting to transition off of TANF through work, and families at risk of welfare dependence. Following is a summary discussion of treatment of these three groups. (For state-by-state information see **Appendix A** of this report.)

Although the federal entitlement to child care no longer exists, low-income working families (including TANF families) continue to have entitlement status in a few states. In most of the remaining states, TANF families retain some special status in states’ CCDF programs.<sup>9</sup>

In addition, TANF families are not responsible for a co-payment for child care services in 22 states (See **Table 4**). A small number of states do require co-payments from working families on TANF, although most define work to include only paid activities, and exclude unpaid TANF work activities such as internships or education.

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<sup>9</sup> In some states, TANF families are categorically eligible for services, although they may not actually receive service because funding may not always be available. For example, according to Arkansas’ FY2002-2003 CCDF plan, TANF families who need child care to participate in work activities “will be” provided with child care; however, the plan also states that due to a lack of funding, new families have not been added to the child care rolls in Arkansas since late 1999.

As noted in **Box 1**, some states use TANF funds to pay for child care services for TANF families, while in others, child care services for these families are provided with CCDF funds (or TANF funds transferred to the CCDF).

Some states have chosen not to treat TANF families differently than other low-income families with respect to CCDF subsidies. In several states, priority for child care subsidies is based solely on income (or would be if a waiting list were necessary), without regard to TANF status.

Many states also continue to offer some form of transitional child care, although states vary in how long families are eligible for transitional child care and on whether or not these families are required to make a co-payment. Of states that reported a time limit for transitional child care services, the length of eligibility ranged from 3 months to 3 years. Among states offering transitional child care, minimal co-payments were often required of former TANF families.

There are also differences among states in how families are treated when they reach the time limit on transitional child care. In some states, these families are automatically transferred to low-income/at-risk child care subsidy status, while in others, former TANF families who reach their time limit on transitional child care must then compete for available child care subsidies with other low-income working families.<sup>10</sup> In some states, this can mean being put on a waiting list for services. In Alabama, families who leave TANF for employment are guaranteed a child care slot. However, once they have exhausted their transitional child care eligibility, they are served as funds are available on a first-come, first-served basis. In Nevada, on the other hand, if a family is already on the child care subsidy program (i.e., a TANF family or transitioning family), they would be continued without interruption. For other low income families not already in the subsidy program, the priority for receiving a subsidy would be determined by income.

**Families “At Risk” of Welfare Dependence.** States may define “at-risk” as they choose, and many states define this group to encompass the same population as is eligible for CCDF subsidies generally. In these states, the requirement (in Section 418 of the Social Security Act) that 70% of mandatory child care funds be spent on TANF families, families transitioning from TANF, and families at risk of TANF dependence may not be useful for targeting funds to the first two groups (i.e., the requirement could be met by spending all of those earmarked funds on “at-risk families”). However, as discussed, most states continue to assign some priority to TANF families and transitioning families, and families at risk of welfare dependence are often mentioned as lower priority for services relative to the TANF populations. Currently, data on CCDF subsidy receipt by TANF status is not available, so it is

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<sup>10</sup> A recent Urban Institute report found that maintaining child care was not often “automatic” for families transitioning off welfare, and that the process required redetermination, administrative hassles, and other barriers which might keep former recipients from accessing subsidies for which they are eligible. For more information, see Adams, Gina, Kathleen Snyder, and Jodi Sandfort. 2002. *Navigating the Child Care Subsidy System: Policies and Practices that Affect Access and Retention*. Washington, D.C.: The Urban Institute. The report can be accessed on the internet at [<http://www.urban.org>].

unclear what proportion of these funds *actually* serve TANF recipients or former recipients.

**Eligibility for Special Populations.** Federal law defines a child as eligible for CCDF services if they are under 13 years of age and their family's income does not exceed 85% of the SMI for a family of the same size. Regulations, however, allow states to use CCDF funds to provide child care services to children up to age 19 who are physically or mentally incapacitated (and incapable of self-care) or who are under court supervision. States that elect to extend eligibility in this way must also assign an age limit in their CCDF plans, and must provide their definition of physical or mental incapacity. Additionally, states may extend CCDF eligibility to children in protective services (including foster care, even if the foster parents are not in work or training). Regulations also permit states to waive income eligibility and cost-sharing requirements for child care services on a case-by-case basis for children who receive, or need to receive, protective services.

**Table 2** shows whether states have extended CCDF eligibility to children in these specific categories. All jurisdictions except Ohio and the Northern Mariana Islands have granted eligibility to at least one of these groups. Of the 43 jurisdictions that provide CCDF-funded child care in protective services cases, the majority waive fee and income eligibility requirements for children who receive, or need to receive, protective services. In the other 13 jurisdictions, CCDF funds are not used for child care in protective services cases.

Column three in this table indicates which states elected to provide child care for children age 13 or over who are under court supervision, and the age up to which the state provides care for these children. Thirty-six states or territories extend eligibility to this group, with all but one setting the age limit at 17, 18, or 19.<sup>11</sup> That state, New Hampshire, sets its limit at age 21 for this type of care.

Column four indicates whether a state allows CCDF funds to be used for foster children if states consider foster care a part of their protective services system. As noted, receipt of CCDF-funded child care is generally conditioned upon participation in work, education, or training activities by the parent. State plans show that 18 states allow funds to be used for this group, regardless of the work or training status of the foster parents.

The last column of **Table 2** shows which states extend child care eligibility to children age 13 or older who are physically or mentally incapable of self-care under the state's definition, and the age limit those states chose. Final rules set 19 as the upper age limit of children with special needs who may be served with CCDF funds. Fifty-two states provide CCDF-funded child care for this group. As with children under court supervision, all but one of the states extending eligibility in this way allow care for children up to ages 17, 18, or 19. Minnesota, the exception, extends eligibility for children with special needs to age 14.

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<sup>11</sup> In Tennessee, Social Services Block Grant (SSBG) funds (not CCDF funds) are used for this category of children.

**Table 2. CCDF Eligibility for Special Populations of Children**

<b>State</b>	<b>Does the state waive fee and eligibility requirements for children in protective services?<sup>a</sup></b>	<b>Does the state allow CCDF child care for children age 13 and above under court supervision?</b>	<b>Does state allow CCDF child care for foster children whose foster parents are not working or in training?<sup>b</sup></b>	<b>Does the state allow CCDF child care for children age 13 or above who are physically or mentally incapable of self-care?</b>
Alabama	Yes	No	No	Yes, up to age 18
Alaska	Yes	Yes, up to age 18	No	Yes, up to age 19
American Samoa	Yes	No	Yes	No
Arizona	Yes	No	Yes	No
Arkansas	N/A	No	No	Yes, up to age 18
California	Yes	No	No	Yes, up to age 18
Colorado	N/A	No	No	Yes, up to age 19
Connecticut	No	Yes, up to age 19	No	Yes, up to age 19
Delaware	Yes	Yes, up to age 18	Yes	Yes, up to age 18
District of Columbia	Yes	No	No	Yes, up to age 18
Florida	Yes	No	Yes	Yes, up to age 17
Georgia	Yes	Yes, up to age 18	No	Yes, up to age 18
Guam	Yes	Yes, up to age 19	No	Yes, up to age 19
Hawaii	Yes	Yes, up to age 17 (and through the 18 <sup>th</sup> birthday month)	No	Yes, up to age 17 (and through the 18 <sup>th</sup> birthday month)
Idaho	No	Yes, up to age 19	No	Yes, up to age 18 if inability to provide self-care is verified or if a court order, probation contract, or mental health case plan requires constant supervision. These children may receive child care until the month of their 19 <sup>th</sup> birthday if they are full-time students expected to graduate no later than month of 19 <sup>th</sup> birthday.
Illinois	N/A	Yes, up to age 18	No	Yes, up to age 18
Indiana	Yes	Yes, up to age 18	No	Yes, up to age 18



## CRS-14

<b>State</b>	<b>Does the state waive fee and eligibility requirements for children in protective services?<sup>a</sup></b>	<b>Does the state allow CCDF child care for children age 13 and above under court supervision?</b>	<b>Does state allow CCDF child care for foster children whose foster parents are not working or in training?<sup>b</sup></b>	<b>Does the state allow CCDF child care for children age 13 or above who are physically or mentally incapable of self-care?</b>
Iowa	Yes	No	No	Yes, up to age 19
Kansas	Yes	Yes, up to age 18	No	Yes, up to age 18
Kentucky	Yes	Yes, up to age 19	Yes	Yes, up to age 19
Louisiana	Yes	Yes, up to age 17	Yes	Yes, up to age 17
Maine	Yes	No	Yes	Yes, up to age 19
Maryland	No	No	No	Yes, up to age 18
Massachusetts	Yes	No	Yes	Yes, up to age 18
Michigan	Yes	Yes, up to age 18 (if a full-time high school student expected to graduate before age 19).	No	Yes, up to age 18 (if a full-time high school student expected to graduate before age 19).
Minnesota	N/A	No	No	Yes, up to age 14
Mississippi	Yes	Yes, up to age 18	Yes	Yes, up to age 18
Missouri	Yes	Yes, up to age 19	Yes	Yes, up to age 19
Montana	Yes	Yes, up to age 18	Yes	Yes, up to age 19
Nebraska	Yes	Yes, up to age 18	Yes	Yes, up to age 18
Nevada	Yes	Yes, up to age 19	Yes	Yes, up to age 19
New Hampshire	Yes	Yes, up to age 21	No	Yes, up to age 17
New Jersey	Yes	Yes, up to age 18 if the child is identified as a "special needs child."	Yes	Yes, up to age 18
New Mexico	N/A	No	No	Yes, up to age 18
New York	Yes	Yes, up to age 19 if in school. (Otherwise, up to age 18)	No	Yes, up to age 19 if in school. (otherwise, up to age 18)
North Carolina	N/A	Yes, up to age 17	No	Yes, up to age 17
North Dakota	N/A	Yes, up to age 19	No	Yes, up to age 19
Northern Marianas	No	No	No	No
Ohio	N/A	No	No	No
Oklahoma	Yes	Yes, up to age 18	No	Yes, up to age 18

CRS-15

State	Does the state waive fee and eligibility requirements for children in protective services? <sup>a</sup>	Does the state allow CCDF child care for children age 13 and above under court supervision?	Does state allow CCDF child care for foster children whose foster parents are not working or in training? <sup>b</sup>	Does the state allow CCDF child care for children age 13 or above who are physically or mentally incapable of self-care?
Oregon	N/A	No	No	Yes, up to age 17
Pennsylvania	No	No	No	Yes, up to age 18
Puerto Rico	Yes	Yes, up to age 18	No	Yes, up to age 18
Rhode Island	N/A	No	No	Yes, up to age 19
South Carolina	Yes	Yes, up to age 19	No	Yes, up to age 19
South Dakota	Yes	Yes, up to age 19	Yes	Yes, up to age 19
Tennessee	N/A	Yes, up to age 19 if still in school <sup>c</sup>	No	Yes, up to age 19
Texas	Yes	Yes, up to age 17 (limited to children in protective services cases)	No	Yes, up to age 19 (in 26 of the 28 local workforce development areas)
Utah	N/A	Yes, up to age 18	No	Yes, up to age 18
Vermont	Yes	Yes, up to age 19	Yes	Yes, up to age 19
Virgin Islands	Yes	Yes, up to age 18	Yes	Yes, up to age 19
Virginia	No	Yes, up to age 17	No	Yes, up to age 17
Washington	Yes	Yes, up to age 19	No	Yes, up to age 19
West Virginia	Yes	Yes, up to age 18	No	Yes, up to age 18
Wisconsin	Yes	No	Yes	Yes, up to age 18
Wyoming	N/A	Yes, up to age 18	No	Yes, up to age 18

**Source:** Table prepared by the Congressional Research Service (CRS) based on information from CCDF state plans submitted by the states to the Department of Health and Human Services (HHS).

<sup>a</sup> N/A denotes that CCDF-funded child care is not provided for children in protective services cases.

<sup>b</sup> Answering yes means that for CCDF purposes the state considers these children to be in protective services.

<sup>c</sup> Tennessee uses Social Services Block Grant (SSBG), not CCDF funds, to pay for child care for protective services (CPS) children.

## Equal Access Requirements

Federal law requires states to assure that their payment rates for child care services ensure that CCDF-eligible children receive equal access to care comparable to that available to children not eligible for federal child care subsidies. CCDF final rules require states to certify to that effect in their state plans.

The final regulations require a state to consider three elements to determine if its child care program adequately fulfills the statutory requirements for equal access. The state must (1) assure that it offers parents a choice in categories<sup>12</sup> and types<sup>13</sup> of providers; (2) define adequate payment rates based on a sufficient market rate survey conducted no more than 2 years prior to the effective date of the currently approved plan; and (3) guarantee affordable co-payments for child care based on a sliding fee scale. The state is required to provide a summary of facts used to determine that its payment rates ensure equal access.

**Payments to Child Care Providers.** **Table 3** outlines the information states relied upon (at the time of submitting their most recent state plans or amendments) for determining maximum payment rates for child care providers. Note that these rates reflect the maximum amounts that could be paid *by the state* to providers – they do not include parents’ *out-of-pocket* payments to providers. Final CCDF regulations require states to conduct a survey biennially to ensure that their payments sufficiently reflect current market conditions; however, as **Table 3** indicates, not all states’ rates are based on surveys conducted in the past 2 years.

Under prior law for welfare-related programs, child care payment rates were set at the 75<sup>th</sup> percentile, which meant that at least 75% of all child care providers surveyed by the state charged rates at or below this level. In issuing its final regulations, HHS suggested that states continue to use the 75<sup>th</sup> percentile as a “benchmark” for assessing whether the CCDF payment assures equal access to child care for families assisted by the CCDF. However, neither federal law nor regulations set minimum payment standards.

The second column of **Table 3** provides information on the rules used by each state to establish maximum payment rates for child care providers. The table also reports the date of the survey upon which the current rates are based, and any state

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<sup>12</sup> Categories of providers include: (1) center-based providers, licensed or otherwise authorized to provide child care services for fewer than 24 hours per day in a non-residential setting, unless the care in excess of 24 hours is due to the nature of the parent(s)’ work; (2) group home child care providers, two or more individuals who provide child care services for fewer than 24 hours per day per child, in a private residence other than the child’s residence, unless the care in excess of 24 hours is due to the nature of the parent(s)’ work; (3) family child care providers, individuals who provide child care services for fewer than 24 hours per day per child, as the sole care giver, in a private residence that is other than the child’s residence, unless the care in excess of 24 hours is due to the nature of the parent(s)’ work; (4) and in-home care providers, defined as individuals who provide child care services in the child’s own home.

<sup>13</sup> Types of providers include for-profit, non-profit, sectarian, and relative providers.

plan information regarding future market rate changes or surveys. The table reflects the information included in the current plans, which were prepared in 2001. In cases where plan language indicated an impending change, we have contacted states in an effort to provide more current information in the table. If a scheduled change could not be confirmed, the plan language has been quoted verbatim.

Twenty-five of the 56 states and territories chose the 75<sup>th</sup> percentile rule to set their payment rates for child care.<sup>14</sup> Thirteen states did not describe the rule they used to determine their payment rates. A number of states used a different percentile (not the 75<sup>th</sup> percentile) or fixed percentage of the payment rates reflected in the survey. For example, California uses 1.5 standard deviations from the regional market mean. In Colorado, counties set their own rates, by varying methods, for different types of care. Kansas distinguishes between *licensed* homes and child care centers, and *registered* homes, setting the rate for licensed homes and centers at the 65<sup>th</sup> percentile, and at the 60<sup>th</sup> percentile for registered homes. Florida is an example of a state that provides “tiered reimbursement” or enhanced rates (above the normal maximum) to providers who have met accreditation standards.

Remaining states described various other methods for determining their rates. Among states that described different rate-setting methods, several indicated that they chose to differentiate their payment rates based upon the following:

- ! type of provider;
- ! differences in age or special needs of the child;
- ! geographic area;
- ! full or part-time care;
- ! care provided during non-traditional hours;
- ! number of children in the family for whom care is provided;
- ! care provided to children of teen parents;
- ! child care provided to families receiving protective services or court-based care; and
- ! provider accreditation status.

In the case of special needs children or other unique care settings, federal law allows for, but does not require, reimbursement rates to be increased to offset the additional costs that may result from specially trained staff or specialized facilities. Some states indicated that the 75<sup>th</sup> percentile payment rate allowed providers room for growth and flexibility in the kinds of care they provided, as many providers currently charge rates below the maximum child care payment rate.

According to the state plans submitted for the period covering FY2002-FY2003, 45 states based their current provider payment rates on market rate surveys conducted in the years 2000 or 2001. Four states based their rates on market surveys conducted in 1999. The remaining seven states or territories based their rates on market surveys conducted prior to 1999. In Iowa’s case, the most recent survey was conducted in

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<sup>14</sup> Note that states that use the 75<sup>th</sup> percentile rule do not necessarily apply that rule to a current market rate survey. In those cases, if market rates have increased, the rates reflected by the “75<sup>th</sup> percentile” may be lower than the 75<sup>th</sup> percentile based on current market rates.

2000, but the legislature did not implement new rates based on that survey. Likewise, New Hampshire last conducted a market survey in 2000. However, their payment rates are based on a 1994 survey, with several increases having been made to the rates since 1998. Note that states may design their market rate surveys in any way they so choose; there is not a uniform standard.

Some CCDF plans provide information on when states plan to update their market rate surveys. In some cases, those dates may have passed. As mentioned earlier, where possible we have contacted states in order to update the table to reflect the current status. The information included in the fourth column of **Table 3** therefore represents the information provided in the state plans, supplemented by information acquired by contacting select states, whose plans indicated anticipated changes.

**Table 3. CCDF Rules for Determining Payment Rates to Child Care Providers**

<b>State</b>	<b>Market rate rule</b>	<b>Rates based on market survey conducted in</b>	<b>Rates scheduled to be updated next</b>
Alabama	Did not say	May 2001 (rates effective October 1, 2001)	
Alaska	75th percentile	Spring of 2001 (rates effective July 1, 2001)	
American Samoa	Flat rate of \$160 per month per child	May 2001 (rates have not changed since 1995)	In the latter part of FY 2001 - FY 2002, HHS will be re-examining the payment rate and market rate to assess the impact of the recent minimum wage increase in the territory on the cost of child care services.
Arizona	75th percentile	December 1998 (rates effective October 1, 2001)	
Arkansas	75th percentile	February 2001 (rates effective July 1, 2001)	
California	Within 1.5 standard deviations from the mean	May 2000	
Colorado	Counties set their reimbursement rates. Many counties have conducted local market rate surveys to establish their rate ceilings. Other counties have opted to pay the private rate providers charge.	August 2001	
Connecticut	Did not say	May 2001 (rates effective January 1, 2002)	
Delaware	Did not say	August 2000	
District of Columbia	75th percentile	July 1998	A new survey was completed in December 2000 and a final committee report based on the new data is expected to be finalized in the summer of 2002.
Florida	Local school readiness coalitions are responsible for establishing payment rates based on the most recent market rate survey and in compliance with statutory requirements (subject to state approval). Providers who have achieved Florida's "Gold Seal" quality status through accreditation can receive a rate differential or stipend.	October 2000 (rates effective October 2001)	A market rate survey is conducted annually.

## CRS-20

State	Market rate rule	Rates based on market survey conducted in	Rates scheduled to be updated next
Georgia	All providers are reimbursed at or above the 30th percentile. (The state is divided into three payment zones. Child care is reimbursed at the highest rate in the zone where the market rate has demonstrated that child care is more expensive.)	October 2000 (rates effective July 2001)	
Guam	75th percentile	July-August 2000	
Hawaii	Did not say (Do not use a percentile to set rates)	February 2001 (rates effective June 1, 2002)	Hawaii will conduct a market rate survey every 2 years.
Idaho	75th percentile	November 2000	
Illinois	Did not say	December 2000 (rates effective April 1, 2002)	
Indiana	75th percentile	March 2000	
Iowa	75th percentile	December 1998 (rates effective between September and October 2000).	The most recent market rate survey was conducted in September 2000. However, the legislature did not implement new provider rates based on this survey.
Kansas	Effective February 1, 2002, rates were adjusted to the 65 <sup>th</sup> percentile for Licensed Homes and Child Care Centers, and the 60 <sup>th</sup> percentile for Registered Homes.	August 2000	New market rate survey being conducted in Summer 2002.
Kentucky	75th percentile	April-May 2001	
Louisiana	Did not say	November 1999	
Maine	75th percentile	March 2000	
Maryland	75th percentile	January 2001 (rates effective January 2002)	
Massachusetts	At least 45th percentile (depending on type of care and region)	February 2000	When the FY2002 budget is finalized, the state hopes to update rates to reflect at least the 55th percentile based on the 2000 survey.

CRS-21

State	Market rate rule	Rates based on market survey conducted in	Rates scheduled to be updated next
Michigan	<p>For infant and toddler care providers (including incentives described below): 75th percentile</p> <p>Other age groups: No information</p> <p>*Effective October 8, 2000, an incentive was approved to bring day care centers, family, and group homes caring for children under age 2½ up to 75% of the April 1999 market rate survey. In addition, 25 cents per hour was awarded to relative care providers and day care aides caring for children under the age of 2½ if they received at least 15 hours of child care training. The legislature has extended the infant/toddler incentive payments through FY2002.</p>	April 1999	A new survey was completed in March 2002, but the rates described refer to the 1999 survey.
Minnesota	75th percentile	July-December 2000	Payment rates are adjusted at least once every 2 years
Mississippi	Did not say	April 1999	The rates established in the last survey are still used due to poor response in the April 2001 survey.
Missouri	<p>Rates increased up to 50th percentile for infant and toddler care in October 1998 (based on 1996 survey). Also included a 15% increase in base reimbursement to providers who serve families during non-traditional hours.</p> <p>Effective September 1999, rates include an increase of 30% above the base rate for providers who consistently serve a minimum of 50% of children from subsidy-eligible families; 20% above for providers accredited by a recognized accrediting organization; and 25% for providers caring for special needs children.</p>	1996	A new survey was conducted in January 2001, but the rates are based on the 1996 survey.



## CRS-22

State	Market rate rule	Rates based on market survey conducted in	Rates scheduled to be updated next
Montana	75th percentile  Effective February 2002, Montana implemented a two-star tiered reimbursement system, in which stars are earned based on compliance with state regulations, efforts to improve with respect to quality indicators, and accreditation status. Providers with one star are paid 10% above the base rate. Providers with two stars (nationally accredited) are paid at 15% above the base rate.	September 2000 (rates effective October 2000)	The next market rate survey will be conducted in the summer of 2002.
Nebraska	Between the 60th and 75th percentiles	March 2001 (rates effective July 2001)	State statutes require the HHS to conduct the survey every 2 years and establish rates between the 60th and 75th percentiles.
Nevada	75th percentile	October 2000	
New Hampshire	Did not say	Payment rates based on a December 1994 market survey have been increased three times since October 1998. The rates were raised 10% on October 1, 1998, another 5% on January 1, 2000 (retroactive to August 1, 1999), and most recently, another 5% on September 1, 2000.	A new survey was completed in September 2000, but rates have not been changed to reflect that survey. No mention of future rate updates.
New Jersey	Did not say	December 1997, and rates based on that survey, plus the following increases: In 1998 state budget: a 2% increase for all providers; In January 1998: a 5% payment rate increase for nationally accredited centers and family day care homes; in July 1998: an additional 8% increase; in January 2000: a 1.8% increase for all providers; In July 2000: an additional across the board increase of 3.6%; and in July 2001, a 3.6% cost-of living increase for all providers.	Most recent survey conducted in December 2000.
New Mexico	Did not say	April 2001 (rates effective August 1, 2001)	
New York	75th percentile	March-June 2001 (effective October 1, 2001)	

## CRS-23

State	Market rate rule	Rates based on market survey conducted in	Rates scheduled to be updated next
North Carolina	75th percentile (with higher market rates for higher star ratings)	October 1997	There was a survey completed November 2000-March 2001, but due to budgetary considerations, rates have not been updated. However, with the tiered star system, rates continue to be near the market or private pay rates.
North Dakota	75th percentile	April 2001	
Northern Marianas	Rates vary by type of care and age of child and are based upon the average rate charged by private sector day care providers, which is above the 75th percentile.	March 2001	
Ohio	75th percentile	May 2000	The state completes a market rate survey every 2 years.
Oklahoma	Rates vary based upon the age of the child, the child care setting, the geographic area, and the "Star status" of the provider. Stars are earned based on quality criteria. In some cases, rates exceed the 75th percentile.	2001 (rates effective January 1, 2002)	
Oregon	Approximately the 50th percentile.	September 2000	Payment rates are set by the Oregon Legislature through the budget process. HHS continues to submit budget requests to address affordability and equal access for parents receiving the subsidy.
Pennsylvania	Did not say	June-July 2000 (rates effective October 1, 2001)	
Puerto Rico	Payment rates are generally set at 100% of the market rates.	June 2001 (rates effective October 1, 2001)	
Rhode Island	75th percentile	July 2000 (rates effective January 2001)	Biennially
South Carolina	75th percentile	September 2000	
South Dakota	75th percentile	August 2001 (rates effective October 1, 2001)	

## CRS-24

State	Market rate rule	Rates based on market survey conducted in	Rates scheduled to be updated next
Tennessee	Rates are set at the 70th percentile for licensed care (different rates for "Top 15" counties and balance of state). As of July 1, 2001, registered homes receive 90% of the licensed family child care homes rate. Unregulated homes and in-home care are paid 70% of the rate for licensed family child care homes. During this reporting period, the state will implement a tiered reimbursement system, based on the Three Star Quality System: 70 <sup>th</sup> percentile plus 5% for one star; plus 15% for two stars; and plus 20% for three stars.	A survey was conducted in October 2000 (rates effective July 1, 2001)	The Lead Agency performs an annual market rate analysis.
Texas	Did not say	Survey conducted October 1999 to August 2000. Shared with local Boards in April 2001. Boards set their own rates.	
Utah	75th percentile	September 2000	Surveys are completed every 2 years.
Vermont	75th percentile (meets or exceeds the 75 <sup>th</sup> percentile for care in most areas of the state)	March 2000 (rates effective July 1, 2001)	
Virgin Islands	100% of the average market rate per category of care.	March 2001	The survey is conducted bi-annually.
Virginia	Did not say	February 2000	
Washington	58th percentile The state pays a monthly bonus to licensed/certified providers for non-standard hours, and a one-time \$250 bonus for accepting a child under 1 year old.	February – May 2000 (rates phased in between January 1 and June 30, 2002)	

CRS-25

State	Market rate rule	Rates based on market survey conducted in	Rates scheduled to be updated next
West Virginia	<p>Rates were increased in October 2000 to approximately the 85th percentile of 1999 market rate (90th percentile for infant care).</p> <p>A new survey was conducted in May 2001. Base payment rates are not at the 75th percentile of 2001 rates, but the state's incentive structure can increase provider pay to the 75<sup>th</sup> percentile or above. Incentives provided: \$4 per day for providers who become accredited; \$4 per day for non-traditional work hours; \$2 per day for infant care providers who become certified in infant/toddler care.</p>	June 1999	A new survey was conducted in May 2001, but base rates have not been increased to reflect the new survey (see incentives).
Wisconsin	75th percentile	August 2000	In Wisconsin, local agencies complete surveys of licensed group and licensed family child care providers on an annual basis. New maximum reimbursement rates are determined annually, and become effective at the beginning of the following year.
Wyoming	75th percentile	February 2001. (It is unclear <i>when</i> rates were changed, but they are currently based on this survey.)	

**Source:** Table prepared by the Congressional Research Service (CRS) based on information from CCDF state plans submitted by the states to the HHS.

**Cost-Sharing.** CCDF requires parents receiving child care assistance to pay a share of the costs of their child care services. Each state must establish and periodically revise a sliding fee scale for cost-sharing by families receiving subsidized child care.<sup>15</sup> By statute, cost-sharing payments must be based on income and family size, so payments will generally increase as the family's size and income increase.<sup>16</sup>

As noted, the sliding fee scale is the third element in equal access to child care. Although federal law and regulations do not set limits on the amount of the cost of care a state may require the family to pay, HHS did provide a reference point for states to use in creating their sliding fee scales. In issuing its final regulations, HHS suggested that established fees not require the CCDF-subsidized family to pay more than 10% of its income for child care. This benchmark is not meant to limit states, but is offered as a reference point for states to consider when determining if their cost-sharing policy is consistent with the CCDF equal access requirement.

States vary in how they structure their sliding fee scales, with some states requiring that families pay a percentage of the cost of care (such as Hawaii), but the majority basing the required co-payment on family income. Most states do not require co-payments significantly above 10% of income; however, several states do require percentages as high as 20% of gross income from families at higher income levels, and Oregon requires up to 29% of family income for families with income above 120% FPL.

Although co-payments must generally be required for CCDF-funded services, regulations allow states to waive copayments for those whose income is at or below the poverty level (as defined by the state in their state plan) and for children in protective services on a case-by-case basis, as described in **Table 2**. **Table 4** indicates which states automatically exempt families from the cost-sharing requirements because of income below the *state-defined* poverty level or other factors. In cases where states exempt only some of their low-income populations from child care fees, the final column of the table outlines the characteristics of families exempted.

Twenty-seven states chose to set the poverty level in their state at \$14,630 per year (\$1,219/month), the 2001 federal poverty level for a family of three. Several states continued to use the 1999 level (\$1,157/month) for purposes of waiving cost-sharing requirements. In the remaining states, most set their state poverty definition near 100% of the 2001 federal poverty level. Among those with different levels, New Mexico and Florida define poverty for the purpose of waiving co-payments at 200% of the 2001 federal poverty level. Ohio, on the other hand, defines poverty at only 15% FPL.

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<sup>15</sup> The TANF High Performance Bonus criteria for FY2002 awards (which will be based on child care rules in effect during FY2001) will include a measure of the affordability of child care, determined by comparing required co-payments to family income.

<sup>16</sup> Several states cap this amount after a certain number of children or reduce the required co-payment for additional children.

**Table 4. Waiver of Cost-Sharing for Families with Incomes Below State-Defined Poverty Level**

State	State-Defined Poverty Guideline (for a family of 3)	Fee waived for families with incomes below poverty?			If some families have fee waived, what types of families have cost-sharing waived?
		No families	All families	Some families	
Alabama	\$1,585			X	Families with no earned income. Families who would be required to make a \$5 co-payment. Foster Care children in the legal custody of the Department.
Alaska	\$1,577	X			
American Samoa	\$1,089		X		
Arizona	\$1,219			X	Families who have an open TANF case and whose income is at or below the poverty level.
Arkansas	\$1,960		X		
California	\$1,950		X		
Colorado	\$1,219			X	TANF families who are in training and educational activities. Low-income (non-TANF) teen parents attending high school. Families served under the Consolidated Child Care Pilot program, which provides comprehensive child care services to Head Start, Colorado Preschool Program, and Colorado Child Care Assistance Program families.
Connecticut	\$1,180	X			
Delaware	\$915		X		
District of Columbia	\$1,157			X	Families with incomes at fifty percent (50%) of the poverty level or lower.
Florida	\$2,439			X	Sliding fee scales are set by local School Readiness Coalitions. Under these scales, some families with income at or below the FPL are not required to pay a fee. Also, some families with children in care due to abuse and neglect may not be required to pay a fee.
Georgia	\$2,023			X	TANF applicants and recipients. Food Stamp Employment and Training participants. Persons needing care on a part-time hourly basis. Children in state custody.

State	State-Defined Poverty Guideline (for a family of 3)	Fee waived for families with incomes below poverty?			If some families have fee waived, what types of families have cost-sharing waived?
		No families	All families	Some families	
Guam	\$1,219			X	Families who are receiving TANF and in work activities or who are terminated from TANF due to employment and/or child support payments (for 12 months after exit). Families with children receiving protective services.
Hawaii	\$1,330		X		
Idaho	\$1,138			X	TANF families in non-income-producing activities.
Illinois	(no amount specified)	X			
Indiana	\$1,219		X		
Iowa	\$1,219		X		
Kansas	\$1,219			X	TANF families. Families below 70% FPL. Families receiving Social Services. Food Stamps Education and Training participants.
Kentucky	\$900			X	Families with monthly income below \$900.
Louisiana	\$1,219			X	Families who are FIND Work participants.
Maine	\$1,157			X	On a case-by-case basis a Department or Tribal caseworker may waive or reduce a parent's assessed fee for Child Protective Services clients, post-protective clients, or children in the custody of federally-recognized Tribes.
Maryland	\$1,219			X	Families receiving TANF or SSI.  Two pilot programs, one in an urban area and one in a suburban/rural jurisdiction waive co-payments for families with incomes below the FPL who are transitioning from TANF to work for one year.
Massachusetts	\$1,157		X		
Michigan	\$1,253			X	TANF recipients, applicants, former recipients (for 3 months), and SSI recipients. Protective and preventive services recipients.
Minnesota	\$1,179			X	Families with income below 75% FPL.

State	State-Defined Poverty Guideline (for a family of 3)	Fee waived for families with incomes below poverty?			If some families have fee waived, what types of families have cost-sharing waived?
		No families	All families	Some families	
Mississippi	\$1,179			X	TANF families.
Missouri	\$1,220			X	Protective services children. Families whose parents are incapacitated. Special needs children.
Montana	\$1,219			X	Some Child Protective Services families (determined on a case-by-case basis).
Nebraska	(no amount specified)			X	Families with incomes below 97% of poverty.
Nevada	\$1,219		X		
New Hampshire	\$1,331			X	Families receiving TANF, protective or preventive assistance.
New Jersey	\$1,219			X	TANF families receiving a full assistance grant. Protective services families (reduced or waived on a case-by-case basis). Families with 3- and 4-year-old children who reside in an Abbott School District and who are enrolled in a pre-kindergarten program operated by a licensed child care center.  If more than two children in a family are in a full-time subsidized child care arrangement, no additional co-payment is assessed for the third or subsequent children.
New Mexico	\$2,438			X	Employment and Training clients. Child Protective Services clients. Grandparents who are otherwise eligible and who have taken custody or guardianship of their grandchildren due to the death or permanent incapacity of the parent.
New York	\$1,219			X	Families receiving public assistance. Families with income below the state income standards. Children served through the migrant worker child care network.
North Carolina	(no amount specified)			X	Families whose only sources of income are not countable in accordance with the child care services policy (e.g., Work First benefits, Supplemental Security Income (SSI), etc.). Children with no income who live with someone other than a biological or adoptive parent or with someone who does not have court-ordered financial responsibility.



State	State-Defined Poverty Guideline (for a family of 3)	Fee waived for families with incomes below poverty?			If some families have fee waived, what types of families have cost-sharing waived?
		No families	All families	Some families	
North Dakota	\$1,219			X	Families receiving TANF and whose income is at or below FPL, and who are involved in work and/or training activities. Families transitioning off TANF (for the first 6 consecutive months). Teenage parents, who met the eligibility requirements for the Crossroads Program and are at or below poverty level (if and when the Crossroads Program runs out of funding).
Northern Marianas	\$1,220	X			
Ohio	\$167			X	Families whose income is at or below 15% of the FPL.
Oklahoma	(no amount specified)			X	TANF recipients. Children receiving SSI. Families in need of protective child care services (all or part of their co-payment waived). Children in foster care who are eligible for child care services. For non-TANF recipients to be eligible for a waiver of the co-payment, their maximum adjusted monthly income (for all family sizes) must be at or below \$713.
Oregon	\$1,219			X	High-risk targeted populations, families receiving TANF benefits, participating in the TANF work program, and families receiving child care as part of Head Start services.
Pennsylvania	\$1,219			X	TANF recipients in approved unpaid work activities. Employed TANF recipients who have not received their first paycheck.
Puerto Rico	\$753		X		
Rhode Island	\$1,219		X		
South Carolina	\$1,157	X			
South Dakota	\$1,219		X		
Tennessee	\$1,219			X	Families participating in the TANF program.
Texas	\$1,219			X	Parents who receive TANF or SSI. Families who participate in the Food Stamp Employment and Training program. Parents of children who receive protective services (unless the Texas Department of Protective and Regulatory Services assesses a fee to the parent).

State	State-Defined Poverty Guideline (for a family of 3)	Fee waived for families with incomes below poverty?			If some families have fee waived, what types of families have cost-sharing waived?
		No families	All families	Some families	
Utah	\$1,219			X	Families in the TANF program. Transitioning families (for up to 2 consecutive months).
Vermont	\$1,179		X		
Virgin Islands	\$1,219		X		
Virginia	\$1,219			X	TANF recipients. Families in the Head Start to Work wraparound program if their income is at or below the federal poverty level. (If siblings of the Head Start child are also receiving subsidy, the fee applies.)
Washington	\$1,219			X	Children in foster care. Protective services and child welfare cases (on a case-by-case basis).
West Virginia	\$1,219			X	Families who have monthly gross incomes of less than 40% of FY 2000 FPL. Fees may also be waived by the children's protective service worker.
Wisconsin	\$1,219			X	Families who are eligible for Food Stamp Employment and Training (FSET) child care and Learnfare child care. Families who request child care for foster children and court-ordered kinship care children.
Wyoming	\$1,402	X			

**Source:** Table prepared by the Congressional Research Service (CRS) based on information from CCDF state plans submitted by the states to the Department of Health and Human Services (HHS).

<sup>a</sup> For purposes of waiving cost-sharing requirements, poverty is defined by the state, and may not correspond to the federal poverty guidelines.

In six states, all families, including those with incomes at or below the state-defined poverty level, are required to pay a fee according to the state's sliding fee scale. Fourteen states or territories waive fees for all families with incomes at or below the poverty level. The remaining 36 states and territories waive fees for some families with income below the poverty line. The fifth column of **Table 4** shows the types of families each state exempts from making a co-payment for child care.

As noted earlier, 22 states explicitly waive the co-payment for TANF families. Many additional states set a threshold of a certain percentage of poverty for waiver of the co-payment, which will include TANF families in many cases. Other families that receive waivers of the co-payment include: SSI recipients, children in protective services cases, and participants in the Food Stamp Employment and Training program.

## Quality Improvement Activities

Federal law requires that states use not less than 4% of federal child care funds made available for each fiscal year to administer activities designed to improve the quality of child care.<sup>17</sup> Regulations clarify this to mean that of *aggregate expenditures* made with CCDF funds,<sup>18</sup> no less than 4% is to be spent on quality improvement activities. Readers should be aware that states' time limits for spending CCDF funds vary by the type of funding (e.g., a 3 year limit for discretionary CCDF funds), and therefore the percentage of funds spent on quality (with respect to the 4% minimum) cannot be fully assessed until 3 years following the year of appropriation.<sup>19</sup>

Appropriations legislation has included additional provisions with respect to quality. For FY2001 and FY2002, CCDF discretionary funding included earmarks – funding set-aside for a particular purpose – for specific quality activities in the following areas: improving the quality of care for infants and toddlers (\$100 million), and improving school-age care and child care resource and referral services (\$19 million). Of the \$19 million for school-age care and resource and referral activities, \$1 million was designated for the Child Care Aware toll-free hotline, which provides consumer information and links families to their local resource and referral agency.<sup>20</sup> (Spending from these earmarked funds are included in aggregate

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<sup>17</sup> Almost half of the states reported that they plan to spend more than 4% of their CCDF funds for quality activities (not shown). Of these, four reported that they would spend over 20% of their CCDF funds for such activities: the District of Columbia (25%), North Dakota (27%), Oklahoma (23%), and Wisconsin (26%).

<sup>18</sup> This includes expenditures made from funds transferred from TANF and state CCDF matching funds, but not state maintenance-of-effort (MOE) spending.

<sup>19</sup> For more information on CCDF spending rules, see CRS Report RL31274 *Child Care: Funding and Spending Under Federal Block Grants*, by (name redacted). p.7-9.

<sup>20</sup> The resource and referral services link state child care agencies, child care providers, and parents. They assist in the process of locating appropriate child care settings, and maintain lists of all legal child care providers. The resource and referral agencies also play a role in  
(continued...)

expenditure totals used to measure whether states have met the 4% spending limit on quality.)

Under the Child Care and Development Block Grant Act (CCDBG) prior to the 1996 welfare reform amendments, the funding used for quality improvement had to be spent on one or more of the following categories:

- ! resource and referral programs for the development, establishment, expansion, operation, and coordination of child care services;
- ! consumer education to improve the availability and quality of child care;
- ! grants and loans to assist in meeting state and local child care standards;
- ! monitoring of compliance with licensing and regulatory requirements;
- ! training and technical assistance in appropriate areas, such as health and safety, nutrition, first aid, the recognition of communicable diseases, child abuse detection and prevention, and the care of children with special needs;
- ! compensation to improve salaries of staff who provide child care services; or
- ! other quality activities that increase parental choice, and improve the quality and availability of child care.

Under current law, these specific categories are no longer itemized, but are nevertheless still authorized as optional uses of quality funds by regulation. In the CCDF state plan, states were asked whether they will spend their child care quality funds on activities that fall into any of the categories authorized under prior law, with the exception of resource and referral activities, for which funds have been specifically earmarked as part of annual appropriations.<sup>21</sup> **Table 5** illustrates the provisions each state opted to fund with funds it has reserved for improving child care quality.

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<sup>20</sup> (...continued)

consumer education for parents, providers, employers, as well as social service organizations. In many states, the resource and referral agency is responsible for determining eligibility of families for child care and monitoring child care providers throughout the state.

<sup>21</sup> Because quality funds are now specifically allocated for resource and referral activities, the list of quality activities in the current state plans no longer includes a category for “resource and referral programs.” Therefore, this provision is not included in the table. However, in a separate section of the state plan, states now report activity to support resource and referral programs.

**Table 5. CCDF Quality Improvement Activities**

State	Consumer education	Grants or loans	Monitoring of compliance	Training and technical assistance	Compensation for Providers	Other
Alabama	X	X	X	X		X
Alaska	X		X	X	X	X
American Samoa	X		X	X		
Arizona	X		X	X		X
Arkansas	X	X	X	X	X	X
California	X	X	X	X	X	X
Colorado	X	X	X	X	X	X
Connecticut	X	X	X	X	X	X
Delaware	X	X	X	X	X	X
District of Columbia	X	X	X	X	X	X
Florida	X	X	X	X	X	X
Georgia	X	X	X	X	X	X
Guam	X		X	X		
Hawaii	X		X	X		X
Idaho	X	X	X	X	X	X
Illinois	X	X		X	X	X
Indiana	X		X	X	X	X
Iowa	X	X	X	X	X	X
Kansas	X	X	X	X	X	X
Kentucky	X	X	X	X	X	X
Louisiana	X	X	X	X	X	X
Maine	X	X	X	X	X	X
Maryland	X	X	X	X	X	X
Massachusetts	X	X	X	X	X	X
Michigan	X	X	X	X	X	X
Minnesota	X	X	X	X	X	X
Mississippi	X		X	X	X	X
Missouri	X	X	X	X	X	X

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State	Consumer education	Grants or loans	Monitoring of compliance	Training and technical assistance	Compensation for Providers	Other
Montana	X	X	X	X	X	X
Nebraska	X	X	X	X	X	X
Nevada	X	X	X	X	X	X
New Hampshire	X	X	X	X	X	X
New Jersey	X	X	X	X	X	X
New Mexico	X	X	X	X	X	X
New York	X	X	X	X	X	X
North Carolina	X	X	X	X	X	X
North Dakota	X		X	X		X
Northern Mariana						X
Ohio	X		X	X	X	X
Oklahoma	X	X	X	X	X	X
Oregon	X	X	X	X	X	X
Pennsylvania	X	X	X	X		X
Puerto Rico	X	X	X	X	X	X
Rhode Island	X	X	X	X	X	X
South Carolina	X	X	X	X	X	X
South Dakota	X	X	X	X	X	X
Tennessee	X	X	X	X		X
Texas	X		X	X	X	X
Utah	X	X	X	X	X	X
Vermont	X	X	X	X	X	X
Virgin Islands	X	X	X	X		X
Virginia	X	X	X	X		X
Washington	X	X	X	X	X	X
West Virginia	X	X	X	X	X	X
Wisconsin	X	X	X	X	X	X
Wyoming	X	X	X	X	X	X
<b>Total</b>	<b>55</b>	<b>45</b>	<b>54</b>	<b>55</b>	<b>45</b>	<b>54</b>

Source: Table prepared by the Congressional Research Service (CRS) based on information from CCDF state plans submitted by the states to the HHS.

Even though spending in these specific categories is no longer required under federal law, most states continue to make quality expenditures in these categories. Almost every jurisdiction (55) says that it will spend quality funds for consumer education. As noted, consumer education, which includes helping parents identify and locate quality child care, is also a part of resource and referral activities.

Forty-five states expend CCDF funds on grants or loans to providers as a part of their quality activities. Grant and loan programs are intended to assist child care programs in meeting state and local standards. They may also be designed to achieve other goals in improving the quality and availability of child care services. Grants and loans may also be allotted to help program start-up efforts for populations with difficult-to-serve needs. Care for special-needs children, care during non-traditional hours, and infant and toddler care all fall into this category. Grants and loans are also available for program expansion and program collaboration with Head Start, school-based programs, and public and private partnerships. Other areas where states focus these monies include equipment purchases or assistance to providers for quality improvement.<sup>22</sup>

Fifty-four states expend funds on monitoring compliance with licensing and regulatory requirements. Some of the funds in this category were set aside to hire staff to license and monitor child care providers at the state and local level. This quality category also aids in the training of licensing agency staff, and technical assistance providers. Funds are also used to implement and improve the efficiency of new monitoring systems.

Fifty-five states and territories participate in training and technical assistance quality improvement strategies. Some of the targeted priorities include the following:

- ! credentialing and career development organized both at the state and local level;
- ! disseminating information on developments in brain research;
- ! training in recognizing domestic violence and child abuse and neglect;
- ! training in the use of environmental rating scales to evaluate program quality;
- ! health and safety training for parents and providers;
- ! the care of children with special needs; and
- ! multi-cultural and anti-bias issues.

Forty-five states indicate in their plans for 1999-2001 that they intend to use quality funds to improve compensation for child care providers – an increase from the 34 states in the 1999-2001 plans, and the 19 states whose initial state plans

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<sup>22</sup> Final program rules are more restrictive for sectarian providers than for state and local agencies and nonsectarian organizations involving funding of grants and loans for construction projects. Grants and loans are allowed for sectarian agencies or organizations only for the purpose of bringing the facility into compliance with the health and safety requirements.

indicated an intent to use quality funds for this purpose. In many states, this quality initiative provides financial, educational, retirement, or health benefit incentives for child care workers in exchange for child care training and certifications. Many states are implementing the Teacher Education and Compensation Helps (TEACH) program to provide training scholarships and to increase the number of qualified teachers.

Fifty-four states also intended to use quality funds for other purposes. Other quality activities mentioned in the state plans include: public awareness campaigns, targeting child care services to under-served communities, services for children with special needs, and greater flexibility for child care services in year-round programs or non-traditional hours. An emphasis has been placed on expanding child care among all age categories of children. Activities also include coordination between early childhood education programs and child care, as well as efforts to strengthen private and public partnerships in the local communities.

## Health and Safety Standards

Federal law requires the states to certify that requirements designed to protect the health and safety of children are in effect and applicable to all child care providers who receive CCDF funds.<sup>23</sup> Health and safety requirements must include: the prevention and control of infectious diseases (including immunization); building and physical premises safety; and minimum health and safety training appropriate to the provider setting. Federal law also requires states to certify that child care providers receiving CCDF funds comply with all of the applicable state or local health and safety requirements.

Regulations do not establish a federal standard for immunization. Instead, federal rules require that states and territories assure that the state's existing immunization standards apply to all children receiving services under the CCDF. Regulations limit exemptions from the immunization requirements to the following groups:

- ! children who are cared for by relatives (defined as grandparents, great grandparents, siblings — if living in a separate residence, aunts and uncles);
- ! children who receive care in their own homes;
- ! children whose parents object on religious grounds; and
- ! children whose medical condition contraindicates immunization.

The final rules also require the states to establish a grace period so children in families attempting to comply with immunization requirements can continue to receive child care services. States are encouraged, but not required, to consider the development of a system to track children's immunization records. Coordination between public health agencies and child care agencies is strongly recommended to achieve these goals.

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<sup>23</sup> As noted in **Box 1**, CCDF rules regarding health and safety standards apply to providers who receive funds transferred from TANF to the CCDF, but do not apply to child care funded *directly* with TANF dollars.



States are required to describe the health and safety requirements applicable to all licensed and unlicensed child care providers receiving CCDF assistance. Some of these standards are reflected in a compilation of voluntary licensing and regulatory guidelines for child care providers maintained at the National Resource Center for Health and Safety in Child Care (NRCHSCC). The NRCHSCC compilation and a set of each state's regulations are available on the World Wide Web at [<http://nrc.uchsc.edu>.] HHS required states to include in their plans only those health and safety guidelines *not* contained in the NRCHSCC compilation. Health and safety information from CCDF state plans generally is limited to rules applicable to non-licensed care.

**Table 6** shows which types of providers paid with CCDF funds in each state are subject to licensing under state law as reflected in the NRCHSCC compilation of requirements. The table also indicates whether relative providers are subject to health and safety standards.

Centers not subject to licensing under the NRCHSCC compilation are typically subject to alternative requirements, which are detailed in the state CCDF plans (but not shown here). For example, as the table shows, in 24 states, all or some providers of center-based child care are *not* subject to licensing under state laws as reflected in the information maintained by NRCHSCC.<sup>24</sup> In several of those states, the exempted providers are school-based child care programs that are instead subject to health and safety requirements and regulations under the authority of a public or private school system. Other states exempt centers that are connected with churches or parochial schools. In most cases, only a subset of center-based providers are exempt. For example, in Michigan, all center-based providers receiving CCDF funds are subject to state licensing laws as reflected by NRCHSCC, except for centers on federal land (i.e., military installations or tribal land) and facilities where the parents are onsite (i.e., school-based care for teen parents).

Group homes, in contrast, are more regulated. Only five states report that they do not subject all providers to NRCHSCC licensing under state law. Family homes and in-home providers in the majority of states are not subject to licensing. Thirty-seven states do not require licensing of all family homes, and forty-eight states do not require licensing for all in-home care providers.

States have the option to exempt from health and safety requirements relatives (grandparents, great grandparents, aunts, uncles, or siblings) who live in a separate residence from the child in care. The CCDF plans indicate whether a state exempts relatives from all or none of the requirements, or, alternatively, if they subject relatives to a different set of requirements. **Table 6** shows that 13 states subject relative providers to different requirements; however, no additional information regarding those requirements is included in the plans. Nine states exempt all relative providers from all health and safety requirements. In the remaining 34 states, all relative providers are subject to health and safety requirements.

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<sup>24</sup> Not all states recognize all four types of care.

**Table 6. Requirements Regarding Licensing and Health and Safety Standards for CCDF Providers, by Type of Setting**

State	Are all CCDF providers in the following settings subject to licensing under state law as reflected in the NRCHSCC compilation of requirements?				Treatment of relative providers with respect to health and safety standards
	Center-based care	Group homes	Family homes	In-home	
Alabama	No	Yes	Yes	No	All relative providers are exempt from all health and safety requirements.
Alaska	Yes	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
American Samoa <sup>a</sup>	NA	NA	NA	NA	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Arizona	Yes	Yes	Yes	Yes	Some or all relative providers are subject to different health and safety requirements.
Arkansas	Yes	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
California	No	Yes	No	No	Some or all relative providers are subject to different health and safety requirements.
Colorado	No	Yes	No	No	Some or all relative providers are subject to different health and safety requirements.
Connecticut	No	No	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Delaware	No	Yes	Yes	No	Some or all relative providers are subject to different health and safety requirements.
District of Columbia	Yes	NA	Yes	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Florida	No	No	No	No	Some or all relative providers are subject to different health and safety requirements.

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State	Are all CCDF providers in the following settings subject to licensing under state law as reflected in the NRCHSCC compilation of requirements?				Treatment of relative providers with respect to health and safety standards
	Center-based care	Group homes	Family homes	In-home	
Georgia	Yes	Yes	Yes	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Guam <sup>a</sup>	NA	NA	NA	NA	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Hawaii	No	Yes	No	No	All relative providers are exempt from all health and safety requirements.
Idaho	Yes	Yes	No	No	All relative providers are exempt from all health and safety requirements.
Illinois	No	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Indiana	Yes	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Iowa	Yes	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Kansas	Yes	Yes	Yes	No	Some or all relative providers are subject to different health and safety requirements.
Kentucky	Yes	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Louisiana	No	NA	No	No	All relative providers are subject to the same Applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Maine	Yes	No	Yes	No	All relative providers are exempt from all health and safety requirements.
Maryland	Yes	NA	Yes	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.

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State	Are all CCDF providers in the following settings subject to licensing under state law as reflected in the NRCHSCC compilation of requirements?				Treatment of relative providers with respect to health and safety standards
	Center-based care	Group homes	Family homes	In-home	
Massachusetts	Yes	Yes	Yes	No	Some or all relative providers are subject to different health and safety requirements.
Michigan	No	No	No	No	All relative providers are exempt from all health and safety requirements.
Minnesota	No	NA	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Mississippi	Yes	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Missouri	No	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Montana	Yes	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Nebraska	Yes	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Nevada	No	Yes	No	No	All relative providers are exempt from all health and safety requirements.
New Hampshire	No	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
New Jersey	Yes	NA	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
New Mexico	Yes	Yes	No	No	All relative providers are exempt from all health and safety requirements.
New York	No	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.

State	Are all CCDF providers in the following settings subject to licensing under state law as reflected in the NRCHSCC compilation of requirements?				Treatment of relative providers with respect to health and safety standards
	Center-based care	Group homes	Family homes	In-home	
North Carolina	Yes	Yes	Yes	No	Some or all relative providers are subject to different health and safety requirements.
North Dakota	No	Yes	No	No	All relative providers are exempt from all health and safety requirements.
Northern Mariana <sup>a</sup>	NA	NA	NA	NA	Some or all relative providers are subject to different health and safety requirements.
Ohio	Yes	Yes	Yes	Yes	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Oklahoma	Yes	Yes	Yes	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Oregon	No	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Pennsylvania	Yes	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Puerto Rico <sup>a</sup>	NA	NA	NA	NA	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Rhode Island	No	Yes	No	No	Some or all relative providers are subject to different health and safety requirements.
South Carolina	Yes	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
South Dakota	Yes	Yes	No	No	Some or all relative providers are subject to different health and safety requirements.
Tennessee	Yes	Yes	No	No	Some or all relative providers are subject to different health and safety requirements.

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State	Are all CCDF providers in the following settings subject to licensing under state law as reflected in the NRCHSCC compilation of requirements?				Treatment of relative providers with respect to health and safety standards
	Center-based care	Group homes	Family homes	In-home	
Texas	No	Yes	No	No	All relative providers are exempt from all health and safety requirements.
Utah	No	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Vermont	Yes	Yes	Yes	Yes	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Virgin Islands <sup>a</sup>	NA	NA	NA	NA	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Virginia	No	Yes	No	No	Some or all relative providers are subject to different health and safety requirements.
Washington	Yes	NA	Yes	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
West Virginia	No	Yes	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Wisconsin	No	NA	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.
Wyoming	No	No	No	No	All relative providers are subject to the same applicable requirements as described in the plan, with no exemptions or different requirements for relatives.

**Source:** Table prepared by the Congressional Research Service (CRS) based on information from CCDF state plans submitted by the states to the Department of Health Human Services (HHS).

<sup>a</sup> In their CCDF plans, the territories are asked to describe their health and safety requirements for different categories of care without reference to NRCHSCC licensing rules.

NA – Not applicable

## Appendix A

In their CCDF state plans, states are required to describe their treatment of TANF families, transitioning families, and families at risk of welfare dependence with respect to CCDF subsidy receipt. State responses to this CCDF plan provision varied in detail and structure. **Appendix A** reflects the language used by states in their CCDF plans, with minor editing for consistency and clarity. Although all states provide responses to this provision, it is unclear for some states whether these three groups receive priority relative to other families eligible for subsidies, or in what order these families will be served. For example, in New Hampshire, TANF families, transitioning families, and at-risk families are described as having priority over other families (with the exception of families that already have a child receiving a subsidy and need care for an additional child); however, there is no indication of how these three groups of families receive priority *relative to each other*. In addition, the information provided by a few states did not specifically address how these groups of families are treated by the state. In these cases, the table entry reads “no information.”

### Appendix A1. State Descriptions of Treatment of TANF-related Groups Under CCDF

State	TANF families	Transitioning families	At-risk families
Alabama	A client who is participating in approved TANF work activities is guaranteed a child care slot.	A client whose family assistance is terminated due to employment is guaranteed a child care slot.	Clients who are at risk of welfare dependency are served as funds are available.
Alaska	All TANF parents in work activities are eligible for child care assistance with no co-payment. The Division may not require participation in work activities unless they agree to pay for the necessary child care.	Families who leave TANF are eligible for child care assistance for 12 months.	There is a child care program for low-income families who are at risk for becoming dependent upon TANF.
Arizona	TANF families will be given first priority for services (along with transitioning families).	Families transitioning off of TANF will be given first priority for services (along with TANF families).	Working families with very low incomes will be given third priority for services.
Arkansas	Families who are receiving TANF will receive child care in order to allow them to participate in work activities.	Transitional child care may be available for up to three years. The first year there is no fee; the second and third year the sliding fee scale applies.	Low-income working non-TANF families who are at-risk of becoming dependent on assistance programs are placed on a waiting list.
California	TANF families are categorically eligible for child care.	After a TANF recipient leaves cash aid, she may receive child care services for up to 24 months.	TANF Stage 3 (low-income) child care begins when the family has exhausted its 24 months of eligibility for transitional child care.
Colorado	Under state law, all families with income under 130% FPL (including TANF families) are the first priority.	There is an automatic transition for TANF families with incomes below a county's eligibility ceiling (up to 225% FPL). Child care assistance is not time-limited.	Families with income under 130% FPL are the first priority. In addition, counties may set eligibility limits up to 225% FPL.
Connecticut	The Lead Agency will provide child care assistance to all TANF families in approved work activities.	No information.	No information.
Delaware	Child care will be provided as a regular supportive service to families participating in the welfare program.	Transitioning families will continue to receive child care as long as they are eligible.	Child care will be available to low-income families who cannot afford to pay for their care.
District of Columbia	No information.	No information.	No information.



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<b>State</b>	<b>TANF families</b>	<b>Transitioning families</b>	<b>At-risk families</b>
Florida	Eligibility for TANF/Workforce Development child care is authorized based on participation in Workforce activities.	Eligibility for initial Transitional Child Care is authorized by TANF regional workforce boards or their designated agent or the Department of Children and Families Economic Self-Sufficiency staff.	Working poor families are eligible for child care funded through the TANF Block Grant.
Georgia	When needed to participate in a work activity, child care is available at no cost to all TANF applicants and recipients.	Families leaving TANF for work-related reasons have access to subsidized child care for up to 1 year with a co-payment.	Georgia allocates funds for families who are at risk of becoming dependent on TANF. Co-payment is required.
Hawaii	Families on TANF who are working or participating in approved work activities and have income under 150% FPL will be able to access child care.	Families transitioning from TANF will have priority for child care for 12 months. For families under 100% of FPL, there is no co-pay required. After 12 months, families applying for care compete with other families from the community.	Families with income up to 85% of SMI are eligible for child care. For families under 100% of FPL, there is no co-pay.
Idaho	TANF families are automatically eligible for child care, and would be the first priority if the need arose for a waiting list.	No information.	Children of low-income working families would be the second priority if the need arose for a waiting list.
Illinois	Working families with incomes below 50% of the 1997 SMI are eligible, regardless of welfare status.	Working families with incomes below 50% of the 1997 SMI are eligible.	Working families with incomes below 50% of the 1997 SMI are eligible.
Indiana	TANF families are the number one priority.	Families are eligible up to 181% of FPL.	Families are eligible up to 181% of FPL.
Iowa	TANF recipients in work activities are eligible for child care subsidies during the activity without co-pay.	Families who cease to be eligible for TANF as a result of increased income will receive child care, subject to a sliding fee scale.	No information.
Kansas	Families with income below 185% FPL are eligible for child care assistance, regardless of TANF status.	Families with income below 185% FPL are eligible for child care assistance.	Families with income below 185% FPL are eligible for child care assistance.
Kentucky	TANF participants in work activities are given priority for child care services.	Families transitioning off of TANF shall be eligible for child care assistance for a period of one year if the family's income does not exceed 85% SMI.	Beyond 1 year of transitional assistance, eligibility for subsidized child care continues if family income does not exceed 165% FPL.

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State	TANF families	Transitioning families	At-risk families
Louisiana	TANF recipients in work activities are categorically eligible for child care services without co-payment.	Families transitioning off of TANF because of increased income from work receive up to 3 months of child care without co-payment, pending eligibility determination for low income child care.	At-risk families are required to contribute 15% of the cost of their child care expenses.
Maine	TANF families are guaranteed child care (paid for from the TANF block grant) if the family meets their employment and training requirements.	Transitioning families are guaranteed child care assistance (paid for through a combination of CCDF and TANF transfer funds).	No information.
Maryland	No information.	No information.	No information.
Massachusetts	No information.	No information.	No information.
Michigan	TANF recipients are categorically eligible for child care benefits.	Transitional child care benefits extend for six months. After six months, the client may move to at-risk child care.	At-risk child care is provided to families up to approximately 185% FPL.
Minnesota	Families receiving TANF are guaranteed child care.	Families who have received TANF for 3 out of 6 months prior to TANF case closure are eligible for up to 1 year of child care.	Very low-income families (under 75% of SMI) are eligible for child care assistance.
Mississippi	Child care assistance is guaranteed to all TANF recipients (with 100% TANF funds).	Child care assistance is guaranteed to all transitioning families (with 100% TANF funds).	Remaining child care certificates are issued on a first-come, first-served basis for the following priorities: those transitioning off of Transitional Child Care, certain children of parents with incomes under 50% SMI, parents who are working and have income above 50% SMI but under 85% SMI.
Missouri	All income-eligible families will be served, regardless of TANF status. If future program constraints require waiting lists, priority will be given to TANF recipients.	All income-eligible families will be served, regardless of TANF status. If future program constraints require waiting lists, transitioning and at-risk families will be served equally on a first-come, first-served basis (after priority is given to TANF recipients).	All income-eligible families will be served, regardless of TANF status. If future program constraints require waiting lists, transitioning and at-risk families will be served equally on a first-come, first-served basis (after priority is given to TANF recipients).

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State	TANF families	Transitioning families	At-risk families
Montana	TANF families are guaranteed child care.	Families in transition from TANF receive services subject to a sliding fee scale.	At-risk families receive services subject to a sliding fee scale.
Nebraska	All TANF families have received child care services. At no time has Nebraska utilized a waiting list.	All transitioning families have received child care services.	All at-risk families have received child care services.
Nevada	The state will pay 100% of child care costs during the required initial job search and while a TANF recipient is in training. When a TANF recipient gets a job, there is no co-payment for 30 days. After 30 days, a co-payment is required.	Transitional child care is available for up to 1 year. A co-payment is required.	Individuals with income under 185% of the TANF need standard could be considered “at risk” of needing TANF. If already on the child care subsidy program, they would be continued without interruption. If not already in the subsidy program, the priority for receiving a subsidy is determined by income. If an applicant finds a job during the initial job search, and has income at or below 185% of the TANF need standard, they would be considered “at risk” and be the highest priority for child care subsidies after special needs children.
New Hampshire	TANF families will be given priority before other eligible families whenever there is a waiting list, except for instances where a family already receiving services needs care for an additional child.	Transitioning families will be given priority before other eligible families whenever there is a waiting list, except for instances where a family already receiving services needs care for an additional child.  Twelve-month extended Medicaid recipients whose TANF is closed due to increased earnings may be eligible to receive child care reimbursement.	At-risk families will be given priority before other eligible families whenever there is a waiting list, except for instances where a family already receiving services needs care for an additional child.
New Jersey	Child care services are provided to TANF recipients. Employed TANF recipients are required to make a co-pay.	Transitional Child Care (TCC) is available for up to 24 months. Continued eligibility shall be re-determined after 12 months of eligibility.	At-Risk child care is available with a co-payment to families with gross annual income at or below 200% FPL (or less than 250% FPL for families who have used their 24 months of Transitional Child Care) and

State	TANF families	Transitioning families	At-risk families
			who need child care to retain or accept <i>full-time</i> employment. Families at or below 150% FPL shall be given highest priority; those at 175% FPL shall be given next highest priority.
New Mexico	TANF families have first priority for child care.	Transitioning families are given priority following TANF families.	At-risk families are given priority following TANF families.
New York	Families receiving public assistance continue to be guaranteed child care subsidies (even if federal and state funds are no longer available).	Transitioning families continue to be guaranteed child care subsidies (even if federal and state funds are no longer available).	Local social services districts establish priorities for serving families, including families who are at risk of dependence on public assistance.
North Carolina	County departments of social services develop local plans for meeting TANF goals. Most counties give priority to families who are working, including those receiving TANF. In addition, some counties use local funds (co-mingled federal, state and county funds related to TANF) to provide services for TANF-eligible families when county child care allocations have not been sufficient.	No information.	Most counties give priority to families who are working, including those who are receiving TANF benefits when there are not enough funds to serve all families.
North Dakota	TANF families make no co-payment for child care. If there was a waiting list, TANF families would have priority.	Transitioning families make no co-payment for child care. If there was a waiting list, transitioning families would have priority.	At-risk families are eligible for services at low co-pays and family caps. If there was a waiting list, at-risk single-parent families would have priority.
Ohio	TANF families are guaranteed child care.	Transitioning families will be guaranteed child care for up to 12 months.	At-risk families will be provided child care to the extent funding permits.
Oklahoma	TANF applicants are eligible for 20 days of child care (with no co-payment) to look for work while they are in application status. Active TANF recipients are eligible for child care with no co-payment if they are involved in TANF work activities.	No information.	No information.

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<b>State</b>	<b>TANF families</b>	<b>Transitioning families</b>	<b>At-risk families</b>
Oregon	Child care is available for TANF families.	Child care is available for transitioning families.	Child care is available for at-risk families.
Pennsylvania	TANF families are eligible to receive a child care subsidy. Employed TANF clients are responsible for a co-payment based on the sliding fee scale (after 2 months).	Employed former TANF families may continue to qualify for a child care subsidy without interruption of benefits or service, as long as the family's income does not exceed 235% FPL.	Non-TANF families may qualify for a child care subsidy as long as family income does not exceed 235% FPL and the family meets all other requirements.
Puerto Rico	TANF families are provided child care.	No information.	No information.
Rhode Island	Child care assistance is an entitlement for the state's low-income families. TANF recipients in approved activities continue to qualify for subsidized child care until their countable income exceeds 225% FPL.	Child care assistance is an entitlement for employed families with countable income under 225% FPL.	Child care assistance is an entitlement for employed families with countable income under 225% FPL.
South Carolina	TANF families are a priority for child care.	Transitioning families can receive 2 years of child care.	No information.
South Dakota	TANF families participating in work activities are eligible for child care without co-payment.	No information.	Families with income below 100% FPL are not required to make a co-payment.
Tennessee	TANF families may receive a subsidy for up to 18 months during their TANF eligibility.	Transitioning families will have an additional 18 months of child care assistance if they meet the 60% SMI income standard.	Non-TANF, low-income families, including those at risk of becoming dependent on TANF, will not have time limits for child care assistance as long as they meet the 60% SMI income standard.
Texas	TANF recipients (and applicants for TANF assistance who find employment prior to approval for benefits) have priority and will receive immediate access to services.	Transitioning families have priority for service. These clients, as well as children referred by a child protective services caseworker, will receive immediate access to child care.	After priority groups have been placed in care, at-risk families will be served (or put on a waiting list) in the order of the date the request for service was received.
Utah	TANF families will receive child care.	Transitioning families with incomes at or below 56% SMI will receive child care.	At-risk families with incomes at or below 56% SMI will receive child care.
Vermont	All income-eligible families receive child care, regardless of their TANF status.	All income-eligible families receive child care.	All income-eligible families receive child care.

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<b>State</b>	<b>TANF families</b>	<b>Transitioning families</b>	<b>At-risk families</b>
Virginia	TANF families may receive child care.	Transitioning families may receive child care.	At-risk families may receive child care.
Washington	All eligible families (income at or below 225% FPL) are eligible for child care with a co-payment. Preference is not given to families due to TANF status.	All eligible families (income at or below 225% FPL) are eligible for child care with a co-payment.	All eligible families (income at or below 225% FPL) are eligible for child care with a co-payment.
West Virginia	TANF families are a priority for child care. If a waiting list were established, families with income under 40% of FPL would be exempt from placement on the list.	Transitioning families are a priority for child care. If a waiting list were established, families with income under 40% of FPL would be exempt from placement on the list.	At-risk families are a priority for child care. If a waiting list were established, families with income under 40% of FPL would be exempt from placement on the list.
Wisconsin	TANF families are eligible for child care.	Transitioning families may be eligible for child care.	Any person who enters a Job Center or W-2 Wisconsin Works agency will be assessed and referred for child care services.
Wyoming	TANF families are categorically eligible for child care.	Transitioning families are eligible for child care for 6 months after exit and pay the lowest required co-payment.	No information.
Guam	TANF families will be provided equal services through CCDF.	Transitioning families will be provided equal services through CCDF.	At-risk families will be provided equal services through CCDF.
Virgin Islands	Families receiving TANF are also referred to the CCDF program.	Families exiting TANF are referred to the CCDF program.	Families who are at risk of becoming dependent on TANF are referred to the CCDF program.
Northern Marianas	N/A (No TANF program)	N/A (No TANF program)	N/A (No TANF program)
American Samoa	N/A (No TANF program)	N/A (No TANF program)	N/A (No TANF program)

**Source:** Table prepared by the Congressional Research Service (CRS) based on information from CCDF state plans submitted by the states to the Department of Health and Human Services (HHS).

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