

Child Care and Development Block Grant

This memorandum outlines the administration and requirements, recent policy changes in Kansas, and possible uses of additional funding for the Child Care and Development Block Grant (CCDBG).

Administration and Requirements

The CCDBG is administered through the Child Care and Development Fund (CCDF), which is composed of mandatory, matching, and discretionary funds.

To access these funds, a state must meet the maintenance of effort (MOE), which is \$6.7 million and use at least 70.0 percent of the total amount for Temporary Assistance for Needy Families (TANF) or those at risk of TANF assistance. Discretionary funds are 100.0 percent federal funds and matching funds are matched at the Federal Medical Assistance Percentage rate (approximately 60.0 from the federal level). Mandatory and matching funds must be drawn and used in a single federal fiscal year. Discretionary funds have a two-year limit for use.

The Child Care and Development Block Grant Act was first enacted as part of the Omnibus Budget Reconciliation Act of 1990. The CCDBG Act was reauthorized in 1996 and 2014. As part of the 2014 reauthorization, Congress appropriated an additional \$2.0 billion in 2018. Kansas CCDF Discretionary funds increased from \$25.9 million in FY 2017 to \$44.9 million in FY 2018 as part of this reauthorization.

There are certain restrictions for funding, including that CCDF cannot supplant state general revenue funds for child care assistance for low-income families, the state must establish a sliding fee scale, nine percent of total CCDF funds must be used for child care quality, and no more than five percent of the total CCDF funds may be spend on administration. However, there is no state expenditure requirement attached to the CCDF Discretionary Fund.

CCDF provides most of the financing for the Department for Children and Families' (DCF) Child Care Assistance program, which is part of the Economic and Employment Services Division. Kansas does not draw all federal funds available to the State. An increase of \$2.3 million in FY 2020 and \$2.1 million for FY 2021 from the State General Fund would allow the State to receive an additional \$3.4 million in each fiscal year.

Child Care Assistance by the Numbers

Item	FY 2019 Actual	FY 2020 Estimate	FY 2021 Estimate
Average Monthly Families	4,822	6,493	6,682
Average Monthly Children	8,823	11,881	12,226
Cost Per Month/Per Child	\$377	\$424	\$441
Financing			
State General Fund	10,429,862	10,429,859	10,429,859
Children's Initiative Fund	5,033,679	5,033,679	5,033,679
Social Services Block Grant	188,877	188,877	188,877
CCDF Discretionary Funds	12,868,379	29,297,358	33,563,999
CCDF Mandatory Funds	3,281,162	2,955,524	2,955,524
CCDF Matching Funds	8,151,631	12,475,320	12,475,320
Total	\$39,953,590	\$60,380,617	\$64,647,258

Kansas Requirements

To be eligible for child care assistance, families must be below 185 percent of the federal poverty level (FPL), with families making over 70 percent required to pay a co-pay; employed families must work 20 hours per week; and families must cooperate with Child Support Services.

Persons eligible for child care assistance include:

- Families participating in TANF or Supplemental Nutrition Assistance Program (SNAP) work programs;
- Low-income employed families;
- Families in approved education or training activities;
- Teen parents completing high school or GED; or
- Children receiving Prevention and Protection Services.

Recent and Upcoming Policy Changes

FY 2019

Beginning in FY 2019, policy changes including tiered and continuous eligibility; enrollment fees; and increasing the DCF subsidy rate to the 65th percentile of the market rates.

FY 2020

Three new policies took effect in July 2019, which provided that children in out-of-home placements in the custody of the state receive child care services; reduced the child care assistance eligibility from 28 to 20 hours per week; and made child care assistance available to families participating in the SNAP Work Program (GOALS).

The agency estimates that these changes will increase the childcare caseload by 2,886 children monthly at an annual cost of \$17.7 million in FY 2020. The services for children in out-of-home placements added an estimated 1,965 children monthly at an annual cost of \$13.3 million. The reduction of hours added an average of 129 children monthly at a cost of \$611,847 in FY 2020. Making childcare assistance available to GOALS families added 792 participants at a cost of \$3.8 million in FY 2020.

DCF made these policy changes to expand child care assistance coverage. Originally, GOALS only allowed for applicants with children in school. The addition of children in out-of-home placements was a policy decision made by DCF in consultation with foster care case management providers. The foster care case management grants, which began on October 1, 2019, were restructured to move some services from case management providers to the Department. This included childcare, which allows the Department to draw Child Care and Development Fund moneys previously not used for this population.

FY 2021

The \$4.3 million increase from FY 2020 to the FY 2021 included in the Governor's Budget Recommendation represents the implementation of the policy changes begun in FY 2020.

DCF intends to increase the reimbursement rate for infant and toddler care (ages 0-3) to the 85th percentile of the market rates beginning on April 1, 2020. According to DCF, the current demand for infant and toddler care exceeds the supply, including no openings in 18 counties in 2017. The federal guidance suggests states increase all rates to at least the 75th percentile of market rates.

Possible Use for Additional Moneys

According to DCF, additional Child Care and Development Fund moneys could be used for the following:

- increase reimbursement rates for care beyond infant and toddler care;
- offer incentives to childcare providers that offer non-traditional hours (2nd shift hours, 3rd shift hours, and weekends) and/or provide for children with special needs; and
- increase wages for childcare employees.

Federal guidance suggests that all subsidies should be set at least at the 75th percentile for market rates.