



Statement of

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Chairman Alexander, Ranking Member Murray, and members of the Committee, I am pleased to discuss with you today implementation of the 2014 reauthorization of the Child Care and Development Block (CCDBG) Act. It is my honor to serve as the Deputy Assistant Secretary for Early Childhood Development at the Administration for Children and Families (ACF) within the U.S. Department of Health and Human Services (HHS), which administers the CCDBG. Prior to joining ACF in 2011, I worked for nearly ten years as the Executive Director of the National Association of Child Care Resource and Referral Agencies, now called Child Care Aware of America. I also spent a significant portion of my career at the U.S. Department of Defense helping to develop the military child care system.

I want to thank the members of the Committee, especially Senators Mikulski and Burr, for your leadership in reauthorizing the CCDBG Act in 2014. The reauthorization marked a historical re-envisioning of child care in this country. The Administration is grateful for your work to ensure that children across the country are cared for in safe and enriching environments. We are fully committed to implementing the provisions of the law, and look forward to our continued collaboration with the members of the Committee.

The reauthorization of the CCDBG Act in 2014 was a major step forward in improving the lives of children and families across the country. The Child Care and Development Fund (CCDF), which is comprised of Federal funding for child care under the CCDBG Act and the Social Security Act, provides both subsidies to families with low-incomes as well as resources to raise the quality of care for all children. In 2014, CCDF provided child care assistance to over

1.4 million children from 850,000 working families and families attending school or job training in an average month. All of the children who receive subsidies are low-income, and half are living at or below poverty level. These children are all at risk of falling behind in school¹. In addition to funding child care subsidies, states spend almost \$1 billion of CCDF each year in quality improvement efforts, exceeding the amount previously required by law.

In my testimony today, I will first provide a general overview of ACF's efforts to implement CCDBG reauthorization before turning to discuss four key areas that we will focus on to ensure states, territories, and tribes are successful in making lasting change for the better for child care in this country.

Since the enactment of CCDBG reauthorization, we have taken several steps to support states, territories, and tribes as they implement the new requirements included in the law. Immediately after enactment, we launched a reauthorization web page to provide information about the law, including fact sheets and responses to frequently asked questions. This also included a dedicated email address for interested parties to submit questions. We held five meetings with state and territory CCDF administrators and a series of consultations with tribal leaders. In addition, ACF leadership and staff participated in more than 20 listening sessions with approximately 675 people. We received approximately 650 questions and comments through the dedicated email address, as well as through webinars, meetings, and other listening sessions.

¹U.S. Department of Health and Human Services, *The Early Achievement and Development Gap*, Assistant Secretary for Planning and Evaluation Research Brief, 2014

We published a Notice of Proposed Rulemaking (NPRM) in December 2015 that would incorporate the new statutory requirements into the CCDF regulations. The NPRM also responded to requests for clarification on statutory provisions that ACF had received in the preceding months. Approximately 150 public comments on the NPRM were received, including from Chairman Alexander, and we are carefully considering these comments as we prepare the final rule. We expect to publish the final rule by fall of this year, and provide training and technical assistance to states, territories, and tribes. We also plan to continue our ongoing communication with Congressional members and staff by providing a briefing at the time of publication.

Following the enactment of the law, the Office of Child Care (OCC) completely revised the now triennial CCDF State and Territory Plan, which states and territories use to apply for their CCDF funding. Originally, the CCDF plans were to be submitted in July 2015. However, in response to concerns from states and territories, OCC extended the deadline for the plans, which states and territories submitted in March of 2016. The plans were effective this month, and cover fiscal years 2016 through 2018. In recognition of phased in deadlines for new requirements contained in the law, and the unique challenges some states may face during implementation, states had the opportunity to submit implementation plans laying out the steps they planned to take to meet requirements' by established deadlines. Overall, the recently-submitted Plans show that states are making great progress in implementing provisions of the reauthorized CCDG Act. For example, in 2015, Washington State passed comprehensive legislation establishing 12-month eligibility along with a new framework for improving quality.

The CCDBG Act reauthorization gave the Secretary the option to exercise waiver authority to allow extensions for up to three years for specified reasons identified in the CCDBG Act. States and territories unable to meet the effective date of a provision needed to submit a waiver request with their plans in March 2016, along with an implementation plan outlining proposed steps they will take to meet the full requirements of the provision. Initial waiver requests only cover provisions required in calendar year 2016. For requirements with an effective date after 2016, such as comprehensive background checks, waiver requests may be submitted no later than 90 days prior to the effective date. Twenty-four states and territories submitted a waiver request for a temporary extension of at least one provision. The most common waiver requests were for 12-month eligibility, graduated phase-out, health and safety topics and training, and inspection requirements. Of the 24 states and territories submitting waiver requests, half included at least one request for extension of health and safety training provisions.

As I will discuss in more detail later, waiver requests for health and safety training were not approved as we consider health and safety training critical to reducing risk of injury and death of children, and free or low cost training, including online training, is available. All other temporary waiver applications were approved. However, multi-year requests were only approved for one year with an option to renew for an additional year. Prior to moving forward with these actions, we provided an advanced briefing to Congressional staff. Soon we will be providing formal notice to members of this Committee and the House Committee on Education and the Workforce as required by the CCDBG Act.

The CCDBG Act provides opportunities to offer flexibility to tribes in certain areas where there are unique needs. The final rule will provide guidance to tribes on how the rule applies to them. Before drafting the proposed regulation, we conducted a series of tribal consultations to solicit tribal input. As a result, the NPRM's proposals were intended to increase tribal flexibility, while balancing the CCDF dual goals of promoting families' financial stability and fostering healthy child development. The final rule will address the extent to which the CCDBG Act will apply to tribal CCDF grantees in light of comments on the proposals received from tribes and tribal organizations. In the meantime, we are preparing tribal grantees for the coming changes. The CCDF Tribal Plan, which tribal grantees will submit this summer, includes optional questions related to reauthorization. While tribal grantees are not required to comply with many of the new provisions of the CCDBG Act pending issuance of regulations, a series of trainings held this spring addressed reauthorization and how tribal programs can start preparing for implementation of the upcoming final rule.

We have heard from states, territories, tribes, and other stakeholders that implementing the provisions of the CCDBG Act will require additional financial resources. Over time, states have struggled and been unable to maintain the number of children and families served with child care subsidies, and the CCDF caseload fell to its lowest level ever in fiscal year (FY) 2014 prior to enactment of the reauthorized Act. The program only serves 15 percent of children who are eligible under Federal rules. States are concerned that implementation of some of the new requirements may strain an already under-funded system and lead to greater caseload decline in the absence of increased funding. We greatly appreciate the additional \$326 million for CCDBG that Congress included in the FY 2016 appropriations. The President's FY 2017 budget request

seeks an additional \$200 million in discretionary funds to further help states implement these important reforms.

In addition, the President's request includes \$82 billion in additional mandatory funding over 10 years to guarantee high-quality child care for low- and moderate-income families with children under the age of four. The President's proposal includes funding to maintain access to children who are currently served, expand coverage to all low- and moderate-income working families with young children, and raise the quality of care for young children by closing the gap between the low subsidy provided in many child care programs today and the high cost of infant and toddler care. This proposal aligns with the newly added purpose of the CCDBG Act to increase the number of low-income children in high-quality child care settings and would help states meet the requirements of reauthorization while increasing the number of children served. Although many states have recently increased investments in early education, particularly by expanding state-funded preschool programs for four year-olds, there is a critical gap in access to high-quality early learning opportunities for infants, toddlers, and three-year-olds. We need to focus Federal investments on a child's most critical years -- beginning at birth and continuing to age five. We anticipate this will be helped by the new requirement for states to use three percent of funds to improve care for infants and toddlers, but we also need to focus additional Federal efforts on the critical years from birth up to age four. I would like to thank Senator Casey for his leadership on introducing legislation that mirrors the spirit of the President's proposal to expand high-quality care to all infants and toddlers from low- and moderate-income families.

While the changes included in reauthorization were comprehensive, there are four areas in particular of the CCDBG Act where we will focus on moving forward with implementation of the law. These include: protecting the health and safety of children in child care; ensuring equal access to stable, high-quality child care for low-income children; helping parents make informed decisions; and, enhancing the quality of child care. In each of these areas, I will discuss implementation challenges based on waiver requests from states, comments on our proposed rule, and feedback from a range of stakeholders.

Protecting the Health and Safety of Children in Child Care

The law established many new requirements that will help ensure children are adequately protected in child care settings. These include health and safety requirements, training in 10 areas, a pre-licensing visit for child care providers seeking licensing, annual monitoring and inspection visits for all CCDF providers, and new background check requirements for all child care staff members.

Prior to reauthorization, health and safety standards varied widely and left critical gaps. During reviews conducted between 2013 and 2016, the HHS Office of Inspector General (OIG) found that 96 percent of child care providers in nine states and territories had numerous potentially hazardous conditions that failed to meet health and safety requirements. These findings included

fire code violations, unsanitary conditions, toxic chemicals accessible to children, and lack of supervision of children.

For states that did not already meet the health and safety requirements required by the new law, most are now moving quickly to get these requirements in place to ensure a baseline of health and safety. For example, according to the recently submitted CCDF state and territory plans, 36 states and territories already have standards that address ratios and group size and 52 are in compliance with child abuse reporting requirements.

ACF did not approve any waivers related to health and safety training because of the critical role it plays in reducing the risk of serious injury and death in child care settings. The law requires adequate training in such topics as CPR/First Aid, SIDS prevention, and administration of medication that are essential to ensuring that the child care workforce is properly prepared to care for children. In order to meet these important requirements, we are providing support to states and territories through our national technical assistance centers and other Federal resources.

In addition to health and safety training, the CCDBG Act significantly strengthens protections for children by requiring monitoring of CCDF child care providers, including annual inspections. Research shows that unannounced visits are effective in promoting compliance with health and safety requirements among providers who have a history of low compliance with state child care

regulations.² Thirty-nine states and territories indicate that they are already in compliance with pre-licensing and annual unannounced inspection requirements for licensed CCDF providers. States that currently have large numbers of license-exempt child care providers, which previously have not been subject to monitoring, will likely face implementation challenges. ACF is prepared to provide technical assistance and support on best practices for monitoring in a cost-efficient, effective manner that leverages resources from partners, including state licensing and quality rating and improvement systems. As we anticipated, 37 states and territories indicate that they do not yet comply with new inspection requirements for license-exempt providers and have submitted implementation plans outlining their path to compliance.

States have expressed significant concerns about implementing the five required background check components and have indicated that they will not be able to meet the statutory requirements without more Federal direction and leadership. One particular area of concern is conducting a check of the National Crime Information Center (NCIC), which at this time is only accessible by law enforcement. We are working closely with the Federal Bureau of Investigation (FBI) on how states may use this system and meet the requirements of the law. States are also concerned about cross-state background checks covering a five year period, with states indicating that no process currently exists for such cross-state checks, and asking how they should handle situations where another state does not respond to a request. We are working to address this concern by requiring states and territories to report to ACF the names and contact information for the offices handling these requests. We plan to disseminate the contact

² R. Fiene, *Unannounced vs. announced licensing inspections in monitoring child care programs*, Pennsylvania Office of Children, Youth and Families, 1996; *Caring for Our Children: National health and safety performance standards; Guidelines for early care and education programs. 3rd edition.*

information. This will give us the ability to provide states with information to better facilitate accessing cross-state information. States are also concerned about interpreting results from child abuse and neglect registries, particularly given state variation in registry contents and the need for state processes for ensuring that information is accurate. We are working with the states and territories to ensure that the background check requirements of the law can be implemented by the statutory deadline of September 30, 2017, or a year later for states receiving an extension by demonstrating a good faith effort.

Providing Equal Access to Stable, High-Quality Child Care for Low-Income Children

We greatly appreciate the law's focus on continuity of care for children receiving subsidies, and the clear requirement that eligible families be provided with a minimum 12 months of assistance. We know that stable child care environments play an important role in a child's development³, and providing a minimum of 12 months of eligibility, a period of job search, and a graduated phase-out of assistance help to ensure that a child may continue to be served by their child care provider of choice without interruption. These policies also help parents by minimizing the amount of time they must spend complying with eligibility redetermination requirements or responding to requests for documentation to continue their assistance.

To avoid disrupting work, states such as Maryland and North Carolina have established policies allowing families to complete redetermination by mail or other means. Policies such as the graduated phase-out also protect parents from losing assistance after receiving only a small raise in wages, or placing parents in the position of choosing not to take a raise because it would cause

³ Zaslow, M. et al, *Quality Dosage, Features, Thresholds, and Features in Early Childhood Settings: A Review of the Literature*, OPRE 2011-5, 2010

them to lose their child care subsidy. Twenty-eight states and territories have already implemented the graduated phase-out requirement. Some states are already developing two-tiered eligibility with second tiers established at a level high enough for families to accept significant income growth without having that progress undermined by losing their care.

States have expressed concerns about the impact that 12 month eligibility, job search, and graduated phase-out might have on their caseloads. Some states have said they will likely need to reduce the number of children they serve, lower eligibility levels, and create or expand waiting lists without additional resources. Some of them previously had shorter eligibility periods which had the effect of churning families off the program, resulting in them serving more children for shorter periods. However, this churning often means that families are losing the child care subsidy they need to work, as well as forcing children to go in and out of care, disrupting relationships with caregivers and interrupting learning.

The CCDBG Act's focus on increasing the supply of high-quality child care is also critical as current child care options for many low-income families are of low quality. Over the years, the value of the subsidy has fallen behind what private-pay parents are paying for child care, which makes it hard for parents to access high-quality child care with their subsidies. Currently, nine states include rates that are set below the 25th percentile and five states have not adjusted their rates in over five years. The CCDBG Act's new requirement for states to take the cost of quality into account when setting payment rates is necessary to ensure that more low-income children are cared for in high-quality child care settings. The law also includes provisions about building supply of high-quality care for other populations. However, creating a high-quality child care

program requires sustained investments, which is hard to do with a low subsidy payment that may end without much notice because a parent switches providers or loses their subsidy. Caring for certain children, such as infants and toddlers, is generally more expensive to provide, especially when it is higher quality. These limited options restrict a parent's ability to choose higher-quality child care providers if these providers are not willing to accept the child care subsidy. We continue to talk with states and communities about how grants and contracts can be used – as one tool in a child care program – to help build supply of care because they provide a consistent payment for providers, allowing them to make longer-term investments. Grants or contracts may be particularly useful in underserved areas, such as rural communities, where relying solely on vouchers would not be feasible for a child care provider. While state child care programs will continue to offer vouchers to families to purchase care from willing providers, grants and contracts are an important tool for addressing shortages of high quality care available to low-income families.

In their recent CCDF Plans, 31 states and territories indicated that they only use vouchers to provide child care assistance to families. Twenty-five states and territories reported using grants and contracts to increase the supply of child care, such as using contracts to fund programs to serve children with disabilities or other unique needs, targeted geographic areas, infants and toddlers, and school-age children. Grants and contracts also are used to provide wrap-around services to children enrolled in Head Start and pre-kindergarten to provide full-day, full-year care and to fund programs that provide comprehensive services. Additionally, Lead Agencies report using grants and contracts to fund child care programs that provide high-quality child care services.

While I know this has raised concerns for some, the NPRM proposed to require states to use some grants or contracts, in addition to vouchers, to provide direct services to children. This proposal was meant to complement the already robust voucher system, not to displace it. Under the NPRM proposal, every family receiving a CCDF subsidy must still be offered the option of receiving a voucher, even if they have entered the system through a provider with a grant or contracted slot. We received a strong public response to this proposal, including from Chairman Alexander and Chairman Kline. We are carefully considering these comments as we draft the final rule, and assure this Committee and the public that we are fully committed to supporting parental choice and ensuring that all families have access to high-quality child care options in their community.

Helping Parents Make Informed Decisions

We strongly agree with Congress that, in order for the parental choice provisions of the law to be meaningful, parents need to have access to a provider's health and safety record, as well as information about the state's policies and procedures related to licensing, monitoring, and background checks. In addition, we have noted Congress revised the purposes of CCDBG to include "promoting the involvement by parents and family members in the development of their children in child care settings." The new statutory requirements that eligible parents, the general public, and providers receive information about developmental screenings, social-emotional development, and research and best practices about child development help to move consumer education beyond just monitoring reports and into a more holistic realm that can help support

parenting and a more enriching child care environment. It also recognizes that often child care providers are a parent's best source of information. This new approach means states are looking at family engagement from a variety of angles. For example, Tennessee is training its child care licensing staff to work with child care providers to help them identify and serve families experiencing homelessness, as well as training child care certificate staff to outreach to community based programs, such as family shelters, transitional programs, and financial assistance programs.

HHS, in collaboration with the U.S. Department of Education, recently published policy statements on supporting dual language learners in early childhood settings, promoting family engagement, including children with disabilities in early childhood programs, and addressing suspension and expulsion in preschools. States and communities across the country have demonstrated leadership in significantly reducing, or eliminating altogether, the use of suspensions and expulsions in early childhood settings, which is consistent with our policy statement and the longstanding practice in Head Start settings. We also continue our work on developmental screenings through *Birth to 5: Watch Me Thrive!*. We are creating trainings and technical assistance to help states develop a website that is truly consumer-friendly. Providing parents with consumer education and engagement is a long-standing requirement of CCDF, so states and territories already had a foundation for providing this information, but they are still working on fully implementing the requirements included in the statute. According to recent CCDF plans, 33 states and territories indicate that they already meet the requirement to disseminate information to parents, providers, and the general public.

Some states have expressed concerns about the amount of time it can take to access funding for and to build new information technology systems in their states. In response to these concerns, the website is one area in which states and territories could submit implementation plans if they were not able to meet all the requirements by the time they submitted their plans. Forty-nine states and territories have submitted implementation plans for meeting new website requirements. We have also heard concerns about including license-exempt family child care homes on the state websites. These concerns centered on the fact that license-exempt, home-based providers frequently care for children of neighbors or friends, and may not be available to care for children they do not know. This is an area we addressed in the NPRM, and we are continuing to discuss it as we prepare the final rule.

We are in the process of developing the national website and hotline required by the law. Since the law's enactment, we have been working with experts and stakeholders to design a national website that gives parents the information they need and builds on state efforts. We recognize the diversity of existing systems and processes, information technology systems' capacity, investments, and limited resources available to Lead Agencies and their partners. Therefore, we have held several listening sessions and planning meetings, and in March 2016 we published a request for comment in the *Federal Register*. We specifically requested comments on effective design features and easy-to-use functions for a national website that will link to new and existing state and local websites. We will begin rolling out resources this summer, and will continue to update the Committee as we move forward.

Enhancing the Quality of Child Care

The statute's increased focus on improving the quality of child care and the early childhood workforce is a big step toward providing more low-income children with access to high-quality child care settings. The new law raised the minimum quality set-aside from four percent to nine percent, and added a new three percent quality set-aside for infants and toddler care. Many states were already spending more than the previously required four percent minimum on quality activities, but children in states less likely to invest additional funds were missing out on many of the innovations that could lead to better quality care. The newly increased set-asides – phased in over a period of five years - will ensure that children across the country will benefit from these investments and have access to higher-quality child care options. The new requirements to invest in at least one of the ten quality activities included in the CCDBG Act, to report on what those activities are, and to provide measurement about the effectiveness of those activities are leading states and territories to examine their current quality frameworks. We continue to offer technical assistance to states, specifically to help them think about appropriate ways to measure their quality investments. The creation of a permanent set-aside to increase the quality of infant and toddler care is particularly critical as we continue to learn more about brain development and the fact that earlier investments may have more significant impacts⁴. Our infant and toddler child care workforce is less likely than our preschool and K-12 instructional staff to be well-educated, and they are on average paid significantly less than those who work with preschool age

⁴ The President's Council of Economic Advisors, *The Economics of Early Childhood Investments*, 2014

children⁵. Yesterday, as part of the Summit on the United State of Women, we released a report on the state of compensation of the early childhood workforce. The report - High-Quality Early Learning Settings Depend on a High-Quality Workforce: Low Compensation Undermines Quality, and the accompanying state-by-state profiles, show that there is a considerable mismatch between the importance and complexity of teaching young children during the brain's most formative period and the very low wages of early childhood professionals, especially those working in child care. In fact, the median average wage for someone working in child care is below the cut-off of eligibility for SNAP. This is completely at-odds with what we know about the importance of the first few years in a child's life, where the quality of care provided to young children is critical in setting them on a path to lifetime success. Indeed, brain development happens most rapidly during the infant and toddler years, making it one of the most formative periods of development in the life course.

We have focused on improving the quality of care available to the youngest children, most notably through the Early Head Start-Child Care Partnerships (EHS-CCP). These partnerships were created to increase the supply of high-quality early learning opportunities and better align the continuum of care and development leading to preschool for infants and toddlers living in low-income families. These investments are now supporting 275 new EHS-CCP and Early Head Start expansion grantees. Grantees partner with more than 1,300 local child care centers and 800 family child care programs, with additional partners coming on board each month. Through the partnerships, 32,000 infants and toddlers will receive comprehensive services, health and developmental screenings, and the enhanced curriculum offered through Early Head Start.

⁵ Number and Characteristics of Early Care and Education Teachers and Caregivers: Initial Findings from the National Survey of Early Care and Education, 2013

Additionally, there are more than 5,500 children enrolled in these same classrooms with EHS-CCP children who are benefitting from smaller class sizes, specialized curriculum, and better educated and trained teachers. These children, though not in EHS-CCP slots, are benefitting from our investment in the EHS-CCP model. This dual benefit- to both children who are in EHS-CCP slots and their classmates who are not- illustrates how the EHS-CCP model helps our investments go further and reach more children. Further, the EHS-CCP has made systemic change in the child care system, such that the 1,800 family and center-based child care partners participating in this grant program, many of whom were previously too poorly resourced to provide high quality care to the children they serve, have been able to enhance the quality of their services to better meet the needs of children and families in the community.

We want to thank Congress for investing an additional \$135 million in FY 2016 to support additional EHS-CCP grants. We appreciate your strong support of these partnerships, which are serving as learning laboratories to leverage Federal-, state-, program-, and community-level change for the future of high-quality infant and toddler care. The first year of implementation was marked with tremendous growth and learning as we work toward a seamless system that aligns Head Start and child care.

An important part of this alignment between Head Start and CCDF is the recent transformation of our training and technical assistance network. We have taken the technical assistance systems from Head Start and child care and combined them to form the Early Childhood National Centers for Training and Technical Assistance. This unified approach to technical assistance delivery brings together the knowledge and skills from Head Start, child care, and our health

partners within HHS to greatly strengthen our ability to promote excellence through high-quality, practical resources and approaches. We are working to align Head Start Performance Standards and CCDF rules, to the extent possible, as we prepare both final rules.

Finally, we recently held the Infant Toddler Strategies Institute, which was a national meeting for our state and territory partners to focus on the early years of a child's life and how states may wish to invest their infant and toddler set-aside to develop innovative early childhood policies and systems that support families and that optimize infant-toddler development.

As we continue to work with states, territories, and tribes to implement reauthorization, we are fully committed to providing strong oversight of the programs to ensure states implement the law as Congress intended. This oversight includes a more detailed CCDF State Plan, revised reporting forms, and providing targeted technical assistance. Additional monitoring at the Federal level, including on-site visits and reviews of progress, is needed to confirm that crucial health and safety requirements like comprehensive background checks and annual monitoring and inspection visits are completed.

Thank you for your leadership on this critical issue and for inviting me to testify today. We look forward to continuing our work together as we implement the changes included in CCDBG reauthorization. I would be happy to answer any questions that you may have.