

## 2024 Final Rule Announcement

Greetings,

On February 29, 2024, the Administration for Children and Families (ACF), Office of Child Care (OCC) announced a new rule that will reduce costs and improve access for families who receive child care subsidies funded with federal Child Care and Development Fund (CCDF) resources.

The federal regulations described in the [Final Rule 2024 - 04139](#) are effective April 30, 2024. The Legislature and Governor in California have already enacted policies that are consistent with some of these new requirements.

Below is a summary of the key updates to the federal regulations for which CDSS has already implemented the relevant policy direction.

- **Reducing costs to families:** The rule limits the amount that families pay to no more than 7 percent of their household income and makes it easier for Lead Agencies to eliminate co-payments for many more families.
- Beginning October 1, 2023, California changed the family fee structure to limit fees to no more than 1 percent of the family income.
- **Improving payments to providers:** The rule requires Lead Agencies to make on-time payments to child care providers and better cover the cost of providing care, common business practices that will make it easier for child care providers to participate in CCDF and will better stabilize their operations.
- The most recent agreement between the State and the Child Care Provider's United Union – California (CCPU) established new payment practices effective March 1, 2024.
- **Expanding choices for families:** The rule will make it easier for families to find child care that meets their needs by requiring states to offer some of the funding through grants and contracts.
- California already offers direct service through grants and contracts.
- **Cutting red tape:** The rule clarifies flexibilities for presumptive eligibility to allow more families to begin receiving child care assistance right away so they do not lose out on a job opportunity. It also encourages Lead Agencies to streamline enrollment processes to make it easier for families to apply for and receive child care assistance if they have already demonstrated eligibility for another benefit program.
- Beginning January 1, 2023, CDSS expanded eligibility for child care and development programs to families in which a member of the family has been

certified as eligible to receive benefits from certain means-tested benefits programs.

Other requirements of the new rule for which CDSS is still analyzing the potential impacts in our state and/or for which we do not currently have corresponding state requirements include:

- The posting on the consumer education website of, monitoring and inspections reports including both areas of compliance and non-compliance, total number of children in care for each provider category and licensing status at the time of a death, serious injury or substantiated case of child abuse, the sliding fee scale and including policies for waving family fees.
- Processes to incorporate additional children in the family size that ensure a minimum of 12-months.
- New data requirements in the content of the error rate report

The ACF is aware that some provisions in the final rule will require a range of internal processes for Lead Agencies before full implementation and that other provisions will require IT and data system changes that can take time. Therefore, ACF is allowing Lead Agencies the opportunity to request temporary transitional waivers for extensions of up to two years if needed to implement provisions of the rule. The CDSS is awaiting further information from ACF regarding the submittal timelines for any such waiver requests.

To the extent that state policy changes are made in response to the final rule, CDSS will provide implementation guidance through CCBs and regulation updates.

In partnership,

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