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Katie Hamm  
Deputy Assistant Secretary for Early Childhood Development  
Office of Early Childhood Development  
Administration for Children and Families  
Mary E. Switzer Building  
330 C ST SW, Room 4502  
Washington, DC 20201

**RE: ACF-118: Child Care and Development Fund Plan Preprint for States/Territories for FFY 2025-2027.**

Dear Deputy Assistant Secretary Hamm:

On behalf of the Service Employees International Union, we thank you for the opportunity to comment on the Administration for Children and Families' (ACF) Child Care and Development Fund Plan Preprint for States/Territories for FY 2025-27. SEIU is a labor union that represents 100,000 early learning and child care workers across the country, including in the following states: California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Michigan, Minnesota, New York, Pennsylvania, Rhode Island, Tennessee, and Washington. SEIU's members serve communities as home-based family child care providers, center and school-based workers, and family, friend and neighbor caregivers who provide care for some of our most vulnerable children, including those in need of non-standard hour care, infants, toddlers, and children with special needs.

We urge the ACF to include a number of revisions to the 2025-27 CCDF Plan Preprint in order to increase accountability among funding recipients to improve the quality of care and ensure workforce stability among federally funded child care providers. These revisions can help support states in adopting "responsible contracting" policies that would help ensure the quality and continuity of government-funded child care. Responsible contracting has been widely adopted in various industries, including garment, technology, logistics, construction, and food supplies. Responsible contracting policies would help government funders of child care ensure the jobs they fund meet the Biden Administration's Good Jobs Principles—particularly in the areas of benefits, empowerment and representation, organizational culture, and pay. Using responsible contracting provisions to ensure government funded child care jobs are good jobs can help stabilize the industry's workforce and ensure more reliable and better quality child care for families.

We also urge the ACF to revise the 2025-2027 CCDF Plan Preprint to more strongly emphasize several additional approaches to improve the child care industry and ensure equal access to care for CCDF families. The more that Lead Agencies focus on identifying and addressing barriers to providers' participation in the CCDF program, increasing compensation for the child care workforce, prioritizing workforce diversity and retention, and collaborating with the child care workforce and child care workforce organizations in these and other areas, the more effective they will be in addressing the workforce crisis and accomplishing the goals of the CCDBG Act.

Finally we recommend the ACF to revise the 2025-2027 CCDF Plan Preprint to reflect the Improving Child Care Access, Affordability, and Stability in Child Care and Development Fund rule, currently Docket No. ACF–2023–0003 once it is finalized. SEIU fully supports the proposed rule changes that will directly impact the millions of children who receive CCDF assistance and the dedicated child care workers who provide care. Lower family co-payments, increased parental choice in care, expanded access to child care, and improved eligibility requirements would benefit both families and communities. The inclusion of more CCDF-eligible families in the system, payments that reflect the true cost of care, and payment systems that assure timely payments and continuity of contracted services will benefit the child care workforce. These changes may lead to higher wages and an increase in workforce supply. Supporting the child care workforce is one of the most effective ways to promote high-quality early care that leads to improved cognitive, educational, and social outcomes for children.<sup>2</sup> Once the new rules are finalized there may be many opportunities for additional revisions to the 2025-2027 CCDF Plan Preprint to ensure states meet new rules related to contracts and prospective funding which would significantly improve stability in the child care system.

Below are our specific comments and recommendations for the 2025-27 CCDF Plan Preprint according to the corresponding section of the Plan Preprint.

## **Section 1. Define Leadership and Coordination with Relevant Systems and Funding Sources**

In Section 1.3.2, Lead Agencies must describe the statewide public hearing process regarding the provision of services under the CCDF plan. Child care workers and families using child care have unique and vital perspectives and experiences that should be considered in the development and revision of states' CCDF plans, but CCDF public hearings are often held at inconvenient times and locations for working families and child care workers, serving as a barrier to their participation and input. We recommend that Lead Agencies be asked to describe how they ensure that the child care workforce and families using child care services are aware of and able to participate in the public hearing process. A checklist of policies that promote accessibility (such as scheduling public hearings during evenings and weekends, holding multiple public hearings, and prioritizing translation/language accessibility services) should be included. Lead Agencies should also be asked whether they established a dedicated process to consult with child care workers and child care worker organizations in the development and/or review of the plan.

In Section 1.3.3(b), we recommend adding “Direct communication with the child care workforce” to the checklist. Lead Agencies should be encouraged to communicate directly with the child care workforce around key topics, including the CCDF Plan, rather than relying entirely on intermediaries such as child care centers or child care resource and referral agencies.

## **Section 2. Family Engagement Through Outreach and Consumer Education**

In section 2.2, Lead Agencies must report how they meet requirements concerning parental complaints. Parents play an important role in maintaining quality of care and safety for children, including ensuring workers are adequately protected and fairly treated. We recommend adding specific detail in Section 2.2.1 to prompt Lead Agencies to include their descriptions of what constitutes a valid complaint and whether they specify worker safety, wage and hour violations, unfair labor practices, or other employer behavior

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<sup>2</sup> Burchinal, M. (1999). Child care experiences and developmental outcomes. In S. W. Helburne (Ed.), *The silent crisis in U.S. child care: The Annals of the American Academy of Political and Social Science* [Special edition], 563, 73-97, <http://powertotheprofession.org/wp-content/uploads/2020/03/Power-to-Profession-Framework-03312020-web.pdf>,

that harms workers and threatens to undermine quality of care at the providers' facilities in their description of valid complaints.

In Section 2.4, Lead Agencies must certify that they will collect and disseminate information about the full diversity of child care services to promote parental choice. In our experience, families are often unaware that they can use child care subsidies with licensed or license-exempt home-based providers, and this can lead to some of the highest-need families and providers not participating in the subsidy program at all. We recommend adding an additional question to Section 2.4, asking Lead Agencies to describe how they ensure that participating families and the general public are made aware of the full diversity of child care providers with whom child care subsidies can be used, including family child care, relative care, and in-home care.

#### **Section 4. Ensure Equal Access for Children in Families with Low Income**

Section 4.1.3 addresses state use of contracts. States that have implemented grants and contracts for child care services have reported positive outcomes, according to the ACF's Improving Child Care Access, Affordability, and the Child Care and Development Fund Notice of Proposed Rulemaking.<sup>3</sup> Providers report that contracted services have helped them stay in business, enabled them to hire and retain qualified staff, and receive higher reimbursement rates in comparison to providers who only receive payments through certificates. The use of grants and contracts have led to increased child care enrollment as families have been able to access child care subsidies through programs connected to contract-funded subsidies.<sup>4</sup> During the peak of the COVID-19 pandemic, payments through grants and contracts played a key role in helping providers remain financially stable.<sup>5</sup> Despite the proven benefits of grants and contracts, only 10 states and territories currently use contracts for direct services, underscoring the urgent need for wider adoption.

We therefore recommend that in section 4.1.3 Lead Agencies that respond in the negative be asked to explain whether they have considered use of contracts to improve stability of services and if they have sought input on the use of contracts from providers, staff, and/or parents. We recommend that Lead Agencies that respond in the affirmative be asked how they determine accountability with contractors and whether contractors are required to do any of the following: meet any workforce compensation standards; have staff and parent input in decision-making; provide Lead Agency or the public with financial disclosures; maintain fairness and non-discrimination in personnel practices; comply with all applicable laws and regulations; and whether they have whistleblower and worker retention policies that protect workers who report concerns. We further recommend Lead Agencies be asked to provide any metrics they use to track contractor accountability and to explain the purpose of those metrics and discuss their results. Finally, given the importance of workforce compensation to the quality and stability of child care, we also recommend that 4.1.3(c) be amended to ask how Lead Agencies consider workforce compensation in setting payment rates for contracted slots.

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<sup>3</sup> Docket No. ACF–2023–0003, Improving Child Care Access, Affordability, and Stability in Child Care and Development Fund (CCDF) <https://www.govinfo.gov/content/pkg/FR-2023-07-13/pdf/2023-14290.pdf>.

<sup>4</sup> Dorn, Chad, Infant and Toddler Contracted Slots Pilot Program: Evaluation Report. Pennsylvania Office of Childhood Development and Early Learning: [https://s35729.pcdn.co/wp-content/uploads/2020/11/IT-Pilot-Evaluation-Report\\_PA\\_Final.V2.pdf](https://s35729.pcdn.co/wp-content/uploads/2020/11/IT-Pilot-Evaluation-Report_PA_Final.V2.pdf).

<sup>5</sup> Workman, S. (2020). Grants and Contracts: A Strategy for Building the Supply of Subsidized Infant and Toddler Child Care. Center for American Progress.

Section 4.1.5 addresses equal access for CCDF families to child care that is comparable to that of non-CCDF families. In our experience, states often implement a variety of policies that serve as significant barriers to provider participation in the CCDF program, particularly for licensed and license-exempt family child care providers, which denies CCDF families equal access to these categories of providers. We strongly support asking Lead Agencies to report barriers to participation in 4.1.5(c), but in our experience, states may consider this issue in a superficial way and put insufficient effort into identifying and addressing barriers that exist. We recommend that this question be strengthened by asking Lead Agencies to describe the process they used to engage with licensed and license-exempt family child care providers and provider organizations to identify barriers to participation in the subsidy program, as well as to report on what steps the Lead Agency has taken to address these barriers. In addition, we recommend that “QRIS or other minimum requirements for participation in the subsidy program” be added to the list of potential barriers alongside “payment rates and practices,” since we have observed that this is another type of barrier that frequently interferes with equal access.

Section 4.1.7 requires Lead Agencies to report on the strategies they have developed and implemented to increase the supply of and improve the quality of child care services, including providing checklists of possible strategies. Increasing the compensation of the child care workforce is a key strategy to improve the quality and supply of child care, and increasing the wages paid to child care staff at CCDF-funded programs is an important way to do that. We recommend adding “Wage minimums for workers that providers must meet in order to receive contracts or other types of funding” to each of the checklists labeled “Strategies Employed at the Child Care Staff Member Level.” Another important strategy to improve the quality and supply of child care is stabilization funding, also known as bedrock funding or foundational funding, which enables providers to receive a stable and predictable amount of funding on a regular basis to support child care services that does not fluctuate from month to month due to changes in the number of subsidized children enrolled. We recommend adding “Stabilization funding or other predictable, regular payments to programs” to each of the checklists labeled “Strategies Employed at the Program Level.”

Section 4.2.5 requires Lead Agencies to describe how they analyzed the cost of child care through a narrow cost analysis. Workforce compensation levels are a crucial part of a narrow cost analysis, and the child care workforce themselves provide vital insight on the compensation levels that are needed based on their lived experience. We recommend adding an additional question to this section asking Lead Agencies to describe how the methodology addresses the compensation levels needed to recruit and retain the workforce needed to deliver both basic and higher-quality care. Lead Agencies should also describe how they involved the child care workforce and child care workforce organizations in the process of identifying these compensation levels.

Section 4.3.5 requires Lead Agencies to describe how their payment rates are adequate to ensure equal access to care. In our experience, Lead Agencies frequently provide inappropriate answers to this question, often simply asserting that rates are adequate based on little or no meaningful evidence. We recommend that ACF explicitly specify in the introduction to this question that these types of answers are not sufficient to establish compliance with equal access requirements, and describe the types of evidence it is looking for to establish that rates are adequate.

Section 4.4.1(a) requires Lead Agencies to report on how they ensure the timeliness of payments. In some states, problems at the state level have repeatedly resulted in providers receiving payments days or even weeks late, causing financial hardship and serving as a major deterrent to participation in the subsidy program. We recommend adding a question asking Lead Agencies to explain how they ensure that providers are protected against the financial burden of late payments or are made whole.

## **Section 5. Establish Standards and Monitoring Processes to Ensure the Health and Safety of Child Care Settings**

Section 5.5.1 requires Lead Agencies to certify that procedures are in effect to ensure that providers caring for children receiving CCDF services comply with all applicable state and local health and safety requirements. Child care workers tend to have the deepest knowledge of programs' compliance with health and safety requirements, and can play a vital role in ensuring these requirements are met. We recommend that states be asked to explain how they facilitate and support the child care workforce in making complaints. Lead Agencies should further be required to indicate whether they have whistleblower and worker retention policies for workers making complaints and if they collect up-to-date worker contact information to communicate directly with child care workers to share information in both directions.

## **Section 6. Recruit and Retain a Qualified and Effective Child Care Workforce**

Section 6.1.3 asks Lead Agencies to describe how their professional development framework improves the quality, diversity, stability, and retention of caregivers, teachers, and directors. Without an intentional and thoughtful focus on the impact of policies on diversity and retention, state efforts to improve the professional development of the child care workforce can result in members of the existing, diverse child care workforce leaving the subsidy program or leaving the field entirely, resulting in decreased racial and language diversity and fewer family child care providers serving subsidized families. Consequently, in order to achieve the goals of the statute at 98.44(a)(7), we believe that Lead Agencies should be asked to explain how they address issues of diversity as part of their professional development framework. We recommend that Lead Agencies be asked to describe how they ensure that their professional development framework improves rather than worsens diversity and retention, and how they have consulted with child care workers and child care worker organizations representing child care workers as part of that process.

Section 6.1.3(c) asks Lead Agencies to describe how their professional development advisory structure contributes to improving the quality, diversity, stability, and retention of caregivers, teachers, and directors. Child care workers themselves have vital and irreplaceable insights on the impact of professional development policies and workforce compensation on quality, diversity, stability, and retention. We recommend that 6.1.3(c) be amended to ask Lead Agencies how they ensure that current child care workers have a meaningful role in the state's advisory structure.

Section 6.2.4 asks Lead Agencies to report on how they meet the requirement to facilitate the participation of child care providers with limited English proficiency and with disabilities in the subsidy system. In our experience, there are a number of barriers that providers with limited English proficiency frequently face to participation in the child care subsidy system. We recommend that this section be amended to ask Lead Agencies to report on how they have engaged with providers with limited English proficiency regarding barriers to participation. Lead Agencies should be asked to explain specific actions they have taken to address language barriers and to include a checklist of actions that facilitate participation from providers with limited English proficiency in the subsidy system, such as: listing any languages that the Lead Agency requires all relevant documents be translated into; how the Lead Agency ensures that documents are translated in a timely manner; and how the Lead Agency collects information about providers' preferred language.

Section 6.3 asks Lead Agencies to report on how they support the training and professional development of the workforce with CCDF funds, including what types of training and professional development are funded and how workers are connected with resources to pursue post-secondary education. In our experience, direct communication between states and child care workers— rather than relying solely on child care centers, CCR&Rs, or other intermediaries— is an important way to ensure that child care

workers have accurate information about supports available to them, and that the Lead Agency can better understand the needs of the workforce. We recommend that Lead Agencies be encouraged to communicate directly with the child care workforce, rather than relying solely on intermediaries. Lead Agencies should be required to explain whether and how they communicate with the child care workforce regarding professional development and other supports, and how they ensure that they have complete and up-to-date contact information for the workforce in order to do so.

In section 6.2.7, Lead Agencies are asked to describe any “strategies to strengthen the business practices of child care providers to expand the supply and to improve the quality of child care services” with options that include: program level grants to support investments in staff compensation; bonuses or stipends paid directly to workers; and subsidizing retirement benefits. We recommend that the 2025-27 Plan Preprint include follow up questions that prompt Lead Agencies to explain accountability measures they employ to ensure funding is reaching workers as intended. For example, the U.S. Department of Health and Human Services recommends states implement accountability measures for wage pass through programs funded by Medicaid including having the state conduct a full audit, requiring providers to submit financial records, and/or surveying providers.<sup>6</sup>

We recommend the 2025-2027 Plan Preprint include a question asking Lead Agencies to describe the accountability measures they use and whether or not they do any of the following: require employers to submit financial records that document the proper use of funds; require employers who receive funds to submit employee names and contact information to the Lead Agency to verify employer is using funds properly; and whether the Lead Agency has a way for employees to submit complaints if they believe their employer is not using these funds appropriately.

In addition, we recommend that the topic of “Compliance with employment and labor laws” be added to the checklist at 6.2.7(c). In our experience, many child care providers do not understand or comply with these laws, and violations can interfere with workforce recruitment and retention. States should be encouraged to educate providers about these laws and how to stay in compliance.

## **Section 7. Support Continuous Quality Improvement**

Section 7.3.3 asks Lead Agencies to describe how their QRIS, or other system for improving quality, considers how quality may look different in different settings. In our experience, family child care providers often face higher barriers than centers to participating in QRIS systems and/or reaching higher QRIS levels. This sends an inaccurate message to families that family child care providers offer lower-quality care than centers. We recommend that Lead Agencies also be asked to consider how they ensure that their QRIS or similar system takes into account disparate barriers to participation among different provider types.

Section 7.3.6 asks Lead Agencies to report on which categories of providers receive financial incentives and other supports designed to expand the full diversity of child care options and help child care providers improve the quality of services. In our experience, these supports and incentives often disproportionately benefit child care centers at the expense of family child care providers. We recommend adding a question at 7.3.6(b) asking how the Lead Agency has evaluated its system of financial incentives and supports to ensure that they meet the needs of different types of care and expand the full diversity of child care options rather than disproportionately benefiting or harming certain types of providers.

## **Section 8. Ensure Grantee Program Integrity and Accountability**

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<sup>6</sup> U.S. Department of Health and Human Services. State Wage Pass-Through Legislation: An Analysis, (2002): <https://aspe.hhs.gov/basic-report/state-wage-pass-through-legislation-analysis>

Section 8.1.4 asks Lead Agencies to describe internal controls that are in place to ensure program integrity and accountability for CCDF expenditures. Given the importance of implementing and enforcing responsible contracting policies to this goal, we recommend adding an item to the checklist regarding regularly assessing the effectiveness of the Lead Agency's policies and procedures for contractor accountability.

We appreciate the Department's efforts to address issues facing families, children, and providers in child care systems across the country and the opportunity to share comments and feedback. Thank you for your consideration of these comments. If you have any questions, please contact Cathy Sarri at [cathy.sarri@seiu.org](mailto:cathy.sarri@seiu.org).

Respectfully,

A handwritten signature in black ink, appearing to read 'H Conroy', with a long horizontal flourish extending to the right.

Heather Conroy, Executive Vice President  
Service Employees International Union (SEIU)