MONTANA
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REGISTER

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES

NOTICE OF PROPOSED RULEMAKING

MAR NOTICE NO. 2026-533.1

Summary

Amendment of ARM 37.80.101, 37.80.102, 37.80.201, 37.80.202, 37.80.203, 37.80.205, 37.80.301, 37.80.316, and 37.80.317 and the adoption of NEW RULE 1 pertaining to Best Beginnings Child Care Scholarship

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Hearing Date and Time

Thursday, August 27, 2026, at 10:00 a.m.

Virtual Hearing Information

Join Zoom Meeting

https://mt-gov.zoom.us/j/88102482422?pwd=yr8Z080a2oQYLkaSxkIxbrXP8DBnvu.1

Meeting ID: 881 0248 2422 Password: 769977

Dial by Telephone +1 646 558 8656

Meeting ID: 881 0248 2422 Password: 769977

Find your local number: https://mt-gov.zoom.us/u/kdTuqzGPw

Join by SIP 88102482422@zoomcrc.com

Join by H.323 (Polycom) 162.255.37.11##88102482422

Comments

Comments may be submitted using the contact information below. Comments must be received by Friday, September 4, 2026, at 5:00 p.m.

Accommodations

The agency will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. Requests must be made by Thursday, August 13, 2026, at 5:00 p.m.

Contact

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Rulemaking Actions

AMEND

The rules proposed to be amended are as follows, stricken matter interlined, new matter underlined:

37.80.101 PURPOSE AND GENERAL LIMITATIONS

(1) This chapter pertains to the Best Beginnings Scholarship Program (BBS), which administers payment for child care services.

(2) Financial assistance may be available to pay a portion of a working parent's child care costs. Payment may only be made to the following providers of child care as defined in ARM 37.96.101:

(a) a licensed child care center;

(b) a registered group child care home;

(c) a registered family child care home; ~~or~~

(d) a provider of family, friend, or neighbor care ~~as that term is defined at ARM 37.95.102~~; ~~or~~

(e) a relative care provider; or

(f) a licensed school-age care provider.

(3) The ~~Child Care Assistance~~ BBS Program will be administered in accordance with:

(a) the requirements of federal law governing the Child Care and Development Block Grant Act of 2014, codified at 42 USC 9858 et seq., and 45 CFR part 98, child care and development fund, ~~adopted November 29, 2016~~ effective as of August 1, 2026; and

(b) the ~~Montana~~ Child Care Policy Manual, dated ~~June 1, 2020~~ August 1, 2026, adopted and incorporated by this reference. The manual contains the policies and procedures utilized in the implementation of the department's ~~Child Care Assistance~~ BBS Program. A copy of the manual is available ~~at each child care resource and referral agency;~~ at the Department of Public Health and Human Services, ~~Human and Community Services Division~~ Early Childhood and Family Support Division, ~~111 N. Jackson St.,~~ P.O. Box ~~202925~~ 4210, Helena, MT 59620~~-2925~~; and on the department's web site at www.childcare.mt.gov.

Authorizing statute(s): 52-2-704, 53-4-212, MCA

Implementing statute(s): 52-2-702, 52-2-704, 52-2-713, 52-2-731, 53-2-201, 53-4-211, ~~53-4-601,~~ 53-4-611, ~~53-4-612,~~ MCA

37.80.102 DEFINITIONS

As used in this chapter, the following definitions apply:

(1) "Authorization of services" means the span of time~~, number of hours per week,~~ and schedule that an eligible child is approved for care at a particular provider's facility. In addition, it indicates the monthly payment amount that the family is approved to receive for the indicated child at the indicated facility. The authorization of services is used to create the authorization plan.

(2) "Authorization plan" means the document prepared by the department, or its agent, that states the amount of child care assistance to be paid and includes any additional information required by the department. This document is generated after the authorization of services has been created.

(3) "Child care" means care by a provider listed in ARM 37.80.101 for a child less than 13 years of age at the time of eligibility determination or a child with disabilities or special needs. The terms "child care" and "day care" have the same meaning and are used interchangeably in this subchapter.

(4) "Child care assistance" means a subsidy for child care that is paid to a child care provider on behalf of a parent or guardian.

(5) "Child care facility" means a place where a provider listed in ARM 37.80.101 is authorized under license or registration to provide child care.

(6) "Child care resource and referral agency (CCR&R agency)" or "resource and referral agency" means an agent of the department authorized to determine eligibility for benefits, process payment to providers, and carry out other functions as authorized by the department.

(7) "Child with disabilities" means a child with a disability as that term is used in 45 CFR Part 98.

(8) "Child with special needs" means a child who requires additional assistance because of an emotional or physical disability, a cognitive delay, or both that is verified by documentation from a medical professional.

(9) "Children from the same household" means children who are of the same sibling group.

(10) "Copayment" means the portion of child care expenses which the parent is responsible for paying in accordance with the sliding scale established in ARM 37.80.202.

(11) "Department" means the Department of Public Health and Human Services.

(12) "Federal poverty guidelines (FPG)" or "federal poverty level (FPL)" means the poverty guidelines published by the U.S. Department of Health and Human Services based on information compiled by the U.S. Bureau of the Census. ~~Upon request, a copy of the guidelines is available from the Department of Public Health and Human Services, Human and Community Services Division, 111 N. Jackson St., P.O. Box 202952, Helena, MT 59620-2925~~ Federal poverty guidelines can be found at https://liheapch.acf.gov/delivery/income_eligibility.htm.

(13) "Full-time child care" means care certified for ~~over 30~~ 26-50 hours per week on a regular basis.

(14) "Full-time field experience and class time" means 30 hours per week combined of field experience and class time accrued by a postsecondary education student.

(15) "Graduated eligibility" means graduated phaseout as that term is used in the Child Care and Development Block Grant Act of 2014 at 42 USC 9858c(c)(2)(N)(iv).

(16) "Household size" means the number of household members including the parents, as the term is defined in this chapter, and the children of the parents, but not including adults living in the household other than the parents, unless the income of such adults is counted in computing the household's monthly income under this chapter.

(17) "Infant/toddler" for payment purposes means a child from birth to through the end of the 35th month of age.

(18) "Intentional program violation (IPV)" means conduct by a parent or provider described in ARM 37.80.506.

(19) "Monthly income" means gross monthly income of the parent or parents residing with the child and the income of adults in the household who are included in the calculation of household size as provided in ARM 37.80.202. The income of a parent not residing with the child will be counted as monthly income under this chapter only in cases where such parent's income is available to support the household of the child. Any child support provided by a parent not residing with the child to the household of such child will be counted as monthly income, and such child support will be deemed to constitute the extent to which the nonresidential parent's income is available to the household. The following sources of income are the only sources that will not be counted in determining gross monthly income:

(a) educational loans, scholarships, and grants;

(b) earned income tax credit;

(c) tribal per capita payments;

(d) independent living INC payments for youth;

(e) foster care support services;

(f) ~~food stamp~~ supplemental nutrition assistance program (SNAP) benefits;

(g) a minor's earned income, if attending high school or a GED-type program; and

(h) supplemental security income (SSI) payments.

(20) "Non-traditional hours of care" refers to the hours of care that fall outside of the traditional child care hours of 6 a.m. to 6 p.m. Monday through Friday.

(21) "Overpayment" means a payment of child care assistance to a parent or provider, by the department or its agent, that is more than the amount the parent or provider is properly authorized to receive by federal or state law. An overpayment may result from the intentional or unintentional action of a parent, guardian, provider, department, or department's agent.

(22) "Parent" or "parent or guardian" means:

(a) a biological or adoptive parent of a child;

(b) a foster parent;

(c) a guardian generally authorized to act as the child's parent;

(d) an individual acting in the place of a biological or adoptive parent, including a grandparent, stepparent, or other relative with whom the child lives; or

(e) an individual who is legally responsible for the child's welfare.

(23) "Part-time child care" means care authorized for ~~30~~ 25 hours or under per week on a regular basis.

(24) "Preschool" means an educational program or school environment targeted to children at age four and up to kindergarten entry.

(25) "Preschool-age child" for payment purposes means a child from thirty-six months up to their sixth birthday.

(26) "Primary provider" means the child care provider authorized monthly for either part-time or full-time child care for a single child.

~~(26)~~(27) "Provider" means a licensee or registrant listed in ARM ~~37.80.101~~ 37.96.101.

~~(27)~~(28) "Provider rate" means the amount of reimbursement the department will pay an enrolled provider for child care provided to an eligible, enrolled child.

~~(28)~~(29) "Relative care" has the same meaning as "relative care" defined by the Child Care Licensing Program in ARM ~~37.95.102~~ 37.96.101.

~~(29)~~(30) "School-age child" for payment purposes means a child from six through the end of the 12th year of age.

(31) "Secondary provider" means the child care provider authorized monthly only for part-time child care for a single child if the child has a part-time primary provider.

~~(30)~~(32) "Teen parent" means a parent who is attending high school, GED courses, or an equivalency program and has not yet attained the age of 20 years.

~~(31)~~(33) "Training" means vocational or educational training meeting the requirements of this chapter.

Authorizing statute(s): 52-2-704, 53-4-212, MCA

Implementing statute(s): 52-2-704, 52-2-713, 52-2-721, 52-2-722, 52-2-723, 52-2-731, 53-2-201, 53-4-211, ~~53-4-601,~~ 53-4-611, ~~53-4-612,~~ MCA

37.80.201 NONFINANCIAL REQUIREMENTS FOR ELIGIBILITY AND PRIORITY FOR ASSISTANCE

(1) In addition to the income requirements of ARM 37.80.202, parents must work or attend school or vocational training to receive child care payments.

(a) With the exceptions in (2), a two-parent household must work a total of 120 hours per month, but there is no minimum number of hours that each parent must work each month.

(b) A single parent must work a minimum of 60 hours each month or attend school or vocational training full-time. A single parent must be working a minimum of 40 hours each month if attending school or vocational training part-time.

(2) The monthly minimum hourly work requirement does not apply to:

(a) households receiving cash assistance funded by temporary assistance for needy families (TANF);

(b) households in which the parent is a teen parent, or both parents in a two-parent household are teen parents, attending high school or an equivalency program;

(c) households containing working parents who are experiencing short-term medical emergencies;

(d) households containing parents who are in a grace period, provided the parents:

~~(i) are actively seeking work;~~

~~(ii)~~(i) have reported the change in circumstance in a timely manner in accordance with ARM 37.80.203; and

~~(iii)~~(ii) have been approved for a grace period;

(e) an individual parent with a severe disability who is not able to meet a minimum hourly work requirement and has a need for child care during work hours;

(f) a parent, in a two-parent household, who is severely disabled and unable to care for their child;

(g) parents who are homeless; and

(h) in unusual circumstances of verifiable medical, financial, and physical hardship, the Child Care Program manager or the chief of the Early Childhood Services Bureau may approve or continue eligibility.

(3) Child care assistance under this chapter for parents who are pursuing vocational training or education is subject to the following limitations and requirements:

(a) assistance is not available to parents seeking postsecondary education beyond the level of a bachelor's degree or its equivalent; and

(b) assistance is not available for education to a parent who has earned a degree within the past five years.

(4) If a parent of a child does not live with the child and is not paying child support under a child support order recognized by a Montana district court, the custodial parent must apply for and cooperate with child support services from the department's Child Support Services Division. The department determines cooperation with ~~Child Support Services~~ the division by maintaining an open case when a case can be established or by the parent providing all appropriate requested documentation to ~~Child Support Services~~ the division for them to open a child support case. A custodial parent who fails without good cause to apply for such services and to cooperate with the ~~Child Support Services~~ division will be decertified for benefits under this chapter as of the date of such failure. Good cause is defined as specified in ARM 37.78.215.

(5) Due to limited funding for child care assistance, some households that meet all requirements for eligibility may not receive benefits. If there are insufficient funds to provide benefits to all eligible households, priority is as follows:

(a) a child placed in foster care by Child and Family Services Division;

~~(a)~~(b) a household receiving assistance funded by the TANF program when participating in employability activities that require child care;

~~(b)~~(c) a household containing a child with special needs or a child with disabilities;

~~(c)~~(d) a household headed by a teen parent when otherwise eligible for child care assistance under ARM 37.80.201 through 37.80.502;

~~(d)~~(e) a household experiencing homelessness; and

~~(e)~~(f) all other eligible non-TANF households.

(i) Non-TANF households are ranked by household income as a percentage of the ~~Federal Poverty Guidelines (~~FPG~~)~~. The household with the lowest percentage of income, relative to FPG, has the highest priority when funding becomes available.

(ii) If there are two or more Non-TANF households at the same percentage, the household whose application was received first has a higher priority.

(6) Under no circumstances may payment be made for child care provided by a parent or person acting in loco parentis of the child, even if such parent does not reside in the child's household. In addition, no payment under this chapter may be made for child care provided by any person who is included as a member of the same household as the child for purposes of determining eligibility for TANF cash assistance or child care assistance under this chapter.

(7) A household experiencing a loss of ~~work or cessation of attendance at a job training or education program~~ allowable activity may have child care benefits extended and the usual child care schedule continued for ~~90 calendar days~~ three consecutive months or to the end of the 12-month eligibility period following the reported change, whichever is less. This extended benefits period will begin the first month following the loss of activity if the following conditions are met:

~~(a) the department has sufficient funds to provide extended child care benefits; and~~

~~(b)~~(a) the household ~~requests the extension~~ reports the loss of allowable activity within ten calendar days after the parent's last day of employment, job training, or education program; and

(b) the household does not anticipate returning to the allowable activity.

~~(i) An unemployed parent or parents must actively seek new employment during the period of extended child care.~~

(8) Child care assistance is only available under this chapter for child care provided by:

(a) a licensed child care facility or registered provider under ARM ~~37.95.103 and ARM 37.95.106~~ 37.96.101, excluding facilities licensed solely for drop-in, irregular, intermittent, and occasional care.

(9) During the hours school is in session, a licensed or registered child care provider is not eligible for child care assistance for a child six years of age or older on or before September 10 of the current year.

(10) A household experiencing homelessness may have child care benefits continued for ~~90 calendar days~~ three consecutive months following the reported homeless status if the department has sufficient funds to provide extended child care benefits.

(11) A 12-month eligibility span is given for a Non-TANF or TANF family meeting all the eligibility requirements.

Authorizing statute(s): 40-4-234, 52-2-704, 53-4-212, MCA

Implementing statute(s): 52-2-704, 52-2-713, 52-2-721, 52-2-722, 52-2-723, 52-2-731, 53-2-201, 53-4-211, ~~53-4-601,~~ 53-4-611, MCA

37.80.202 FINANCIAL REQUIREMENTS FOR ELIGIBILITY; PAYMENT FOR CHILD CARE SERVICES; PARENT'S COPAYMENT

(1) Financial eligibility for child care assistance is based on a household's monthly income as defined in ARM 37.80.102. A household whose income is at or below ~~150%~~ 185% of the ~~Federal Poverty Guideline (~~FPG~~)~~ for a household of that size is eligible for child care assistance.

(2) At annual redetermination, a household not receiving temporary assistance for needy families (TANF), whose income exceeds ~~150%~~ 185% and is below ~~185%~~ 200% of the FPG for a household of its size is eligible for child care assistance under graduated eligibility. To qualify for graduated eligibility, the following apply:

(a) eligibility is given for a 12-month eligibility period; and

(b) all other non-TANF eligibility requirements must be met.

(3) A household that is not receiving TANF is presumed eligible to receive child care assistance for 30 calendar days while application information is verified.

(a) To qualify for presumptive eligibility, a household must:

(i) submit a complete application ~~that states the household meets eligibility requirements;~~ for presumptive eligibility which includes the following household information:

(A) documentation that each child for whom child care assistance is being sought is a U.S. citizen or qualified alien and under 13 years old at the time of eligibility determination;

(B) legal relationship between child(ren) and applicant;

(C) applicant's self-statement that work, school attendance, or vocational training activities meet minimum requirements;

(D) applicant's self-statement of monthly income at or below 185% of the FPG;

(E) applicant's self-statement of less than one million dollars in assets; and

(F) identified primary provider and, if necessary, secondary provider;

(ii) ~~authorize the release of information to the department~~ have no unpaid BBS copayment from a previous eligibility period; and

(iii) ~~submit the name of the child care provider on the application sufficient to set up the authorization of services~~ have no BBS overpayment due, or be current on a BBS overpayment repayment agreement.

(b) An applicant who intentionally provides false information for the purpose of receiving child care assistance must repay the child care assistance and may be ineligible to participate in the program.

(c) Presumptive eligibility begins on the first day of the month in which a complete application is submitted.

(d) Presumptive eligibility is not available during annual redetermination.

(e) A household may use presumptive eligibility one time in a 12-month period.

(f) During the presumptive eligibility period, a monthly copayment will be determined using the sliding fee scale.

(g) Presumptive eligibility will not be available when a wait list for the BBS is in effect.

(4) A household with assets exceeding the threshold identified in 42 USC 9858n (4)(B) ~~(2016)~~ (2026) is not eligible for child care assistance.

(5) Parents eligible for assistance are responsible for paying a monthly copayment in the amount specified in the ~~sliding fee scale table~~ sliding fee scale.

(a) In general, a household's copayment is a percentage of the household's gross monthly income, based on the household's gross monthly income as compared to the FPG for a household of that size. Generally, households with income which is a higher percentage of the FPG are required to pay a higher percentage of their gross monthly income as a copayment than households whose income is a smaller percentage of the FPG. All parents receiving TANF-funded cash assistance must pay the $10 minimum copayment amount as specified in the ~~sliding fee scale~~ sliding fee scale, regardless of household size or income.

(b) In the event that the actual cost of child care for the month is less than the required copayment the parent is required to pay the actual cost of care rather than the specified copayment.

(c) Parents are solely responsible for paying the copayment to the child care provider. Parents who fail to make the required payment or make arrangements satisfactory to the provider are ineligible for child care assistance until the amount due has been paid or arrangements satisfactory to the provider have been made.

(d) Children in child care placements due to protective services provided by the department are not subject to a copayment.

(6) A household for purposes of determining eligibility and the parent's copayment, includes the following individuals:

(a) the child or children for whom child care is being provided;

(b) all persons who live in the same household as the child or children and who are the child's:

(i) parents or stepparents;

(ii) siblings, step-siblings, or half-siblings age 17 and younger;

(c) an adult who lives in the same household as the child or children and who is the child's legal guardian or who assumes all the responsibilities of the parent for the child; and

(d) parents residing outside of the child's home, provided the parents of the child are not separated or divorced.

(7) The parent may include or exclude as a household member any qualified person residing with the child. If the parent includes or excludes a person when eligibility is initially determined, he or she cannot subsequently choose a different option, unless the optional member leaves the household.

(8) The income of all persons counted in computing household size must be counted in the household's income.

(9) In determining a household's need for child care assistance, the work hours, school schedules, and ability to care for the child or children of each adult included in calculating household size are considered. The work hours and ability to care for the child or children of adults excluded in calculating household size are not considered.

(10) Persons providing child care services subsidized under this chapter are paid at the lesser of the provider's usual and customary rate or the rates specified in ARM 37.80.205. The portion of the total monthly payment that the department is required to pay is computed by subtracting the parent's monthly copayment from the total monthly payment due.

(11) Eligible households may receive child care assistance for each child in the household who meets the age requirement for child care contained in ARM 37.80.102 and whose care meets all other requirements of this chapter for payment.

(12) No child care assistance payments can be issued until an authorization plan has been created by the child care resource and referral agency.

(13) The child care authorization and corresponding authorization plan set limits for child care benefits. The authorization plan stays at the same level for the 12-month eligibility period and covers temporary changes defined in 45 CFR 98.21(a)~~(2024)~~ (2026).

(14) If an audit of the case shows that monies received fall under ARM 37.80.506(1)(a), (b), (c), ~~and~~ or (d), a household that receives any amount of child care assistance to

which the household was not entitled must repay all child care assistance to which the household was not entitled.

Authorizing statute(s): 52-2-704, 53-4-212, MCA

Implementing statute(s): 52-2-704, 52-2-713, 52-2-721, 52-2-722, 52-2-723, 52-2-731, 53-2-201, 53-4-211, 53-4-212, ~~53-4-601,~~ 53-4-611, MCA

37.80.203 REQUIREMENT TO REPORT CHANGES

(1) Applicants and recipients of child care assistance must report to the resource and referral agency administering their case any change in their child care provider ~~within one business day of the change~~. A change in child care provider will be effective the first day of the month following the reported change.

(2) Applicants and recipients of child care assistance must report by phone, email, written communication, or in person to the resource and referral agency administering their case any change in the following circumstances within ten calendar days from the date the change occurs:

(a) a change in work, training, or educational status;

(b) an increase in the household's monthly gross income above 85% of State Median Income (SMI); or

(c) a change in mailing address, residential address, or phone number.

(3) Applicants and recipients of child care assistance may report any change to their circumstance at any time during the eligibility period.

(4) If an applicant or recipient requests a recalculation of the copayment based on a reported change, the effective date of the revised copayment is the first day of the month following the approved adjustment.

(5) If an applicant or recipient reports an increase in the household's monthly gross income above 85% of SMI, the household will be ineligible for child care assistance.

~~(4)~~(6) Changes that are required to be reported under this rule must be reported to the resource and referral agency administering the child care assistance case. A report to any other employee, contractor, or agent of the department does not satisfy the reporting requirements set forth in this rule.

~~(5)~~(7) If an audit of the case shows that monies received fall under ARM 37.80.506(1)(a), (b), (c), ~~and~~ or (d), a household that receives child care assistance to which the household was not entitled must repay the overpayment.

~~(6)~~(8) When a circumstance change listed in (2) is reported to the child care resource and referral agency, the agency will follow-up with a written notification describing changes to the case.

Authorizing statute(s): 52-2-704, 53-4-212, MCA

Implementing statute(s): 52-2-704, 52-2-713, 53-2-108, 53-2-201, MCA

37.80.205 CHILD CARE RATES: PAYMENT REQUIREMENTS

(1) The department calculates provider rates based on market rate surveys required by the Child Care and Development Block Grant Act of 2014. ~~A half-time day rate is calculated for five or less hours of care during a calendar day. A full-time day rate is calculated for more than five hours and up to 12 hours during a calendar day.~~ A part-time monthly rate will apply when a child is authorized for part-time child care. A full-time monthly rate will apply when a child is authorized for full-time child care.

(a) Payment is based on the monthly rate. There is no guarantee of a payment above the authorized monthly rate.

(2) Provider rates are listed on the ~~Early Childhood Services Bureau~~ Early Childhood and Family Support Division website for each child care provider type.

~~(3) Child care authorization and corresponding authorization plans may authorize payment for extended care of more than 12 hours during a calendar day. When care is provided for more than 12 but less than 18 hours per day, the full-day rate multiplied by 1.25 will be paid. When the authorization and corresponding authorization plan specifies service exceeding 18 hours of care during a calendar day, the full-day rate multiplied by 1.5 will be paid.~~

~~(4) Providers are paid for actual attendance when the child is present if a child attends less than 85% of the authorized time listed on the authorization plan.~~

~~(5)~~(3) Providers must report attendance after child care services are rendered. A provider must report both attendances and absences ~~are paid the entire monthly amount listed on the authorization plan when a child attends at least 85% of the authorized time listed on the authorization plan~~.

(4) When eligibility begins on a day other than the first of the month, payment will be made for the entire month in which the eligibility start date began.

~~(6)~~(5) The provider rates in the Child Care Policy Manual, section 1-4, are the maximum rates payable.

~~(7)~~(6) The rate charged by a child care provider for children whose child care is paid for by the department cannot exceed the rate charged to private pay parents for the same service.

~~(8)~~(7) The department has the discretion to adjust rates for children with special needs or disabilities.

~~(9)~~(8) The department has the discretion to adjust rates for child care provided during non-traditional hours as defined in ARM 37.80.102.

(a) In order for an adjusted rate to be paid, the approved care must be provided for at least one hour between 6 p.m. to 6 a.m. Monday through Friday or after 6 p.m. Friday to 6 a.m. Monday.

~~(10)~~(9) The department will only pay a fee for registering a child in a child care facility if the registration fee is charged to all who enroll in the facility.

(a) The payment will not exceed ~~thirty dollars~~ $100.

(b) The fee will be available to registered family, registered group, ~~and~~ licensed child care centers, and school-aged programs.

(c) The fee must be ~~listed on the monthly invoice the parent is charged~~ reported to the department through the electronic provider portal.

~~(11)~~(10) When child care is provided in the child's home by a provider who does not live with the child, the state payment will be made to the parent. The parent is responsible to pay the provider, and failure to do so will result in the parent's ineligibility for child care assistance until the provider has been paid in full or the parent has made arrangements for payment which are satisfactory to the provider.

~~(12)~~(11) Child care facilities must notify the child care resource and referral agency when a child is absent without explanation for five consecutive working days unless the child has been attached to a different provider. If the provider fails to notify the child care resource and referral agency when a child is absent without explanation for five consecutive working days, the department is not required to pay for any care from the date the child last attended the facility.

Authorizing statute(s): 52-2-704, 53-4-212, MCA

Implementing statute(s): 52-2-704, 52-2-713, MCA

37.80.301 REQUIREMENTS FOR CHILD CARE FACILITIES~~;~~ COMPLIANCE WITH EXISTING RULES~~;~~ CERTIFICATION

(1) Child care facilities must be in compliance with the licensing and registration requirements ARM Title 37, chapter ~~95~~ 96 to receive payment under this chapter. Loss of eligibility for funds under this chapter for failing to comply with child care facility licensing and registration requirements including group size and staff-to-child ratios, as well as program requirements, as stipulated in the ~~Best Beginnings Child Care Scholarship~~ Child Care Policy Manual is in addition to other remedies available for such violations.

(2) The provider is responsible for informing parents who are receiving child care assistance under this chapter that the provider's license, or registration has been revoked or expired. The provider may not bill the household for payments denied by the department due to the provider's failure to comply with licensing, certification, or registration requirements.

(3) Child care providers must be certified or recognized by the department or its designated agent as eligible to receive payment under this chapter. All applicable forms must be completed and submitted for approval. Registered and licensed facilities are approved by the Child Care Licensing Program of the department's ~~Quality Assurance~~ Early Childhood and Family Support Division. Facilities licensed or registered by other entities must be recognized by the Child Care Licensing Program of the department's ~~Quality Assurance~~ Early Childhood and Family Support Division.

(4) A provider's eligibility to receive state payment under a state-assisted child care program may be terminated if:

(a) the provider willfully misrepresents services provided, as set out in ARM 37.80.316(4) or 37.80.502~~(6)~~(4); or

(b) the provider refuses access to the child care setting and child records during business hours to the following personnel:

(i) employees or other agents of state or local government, investigating child care services, or child abuse or neglect;

(ii) child care resource and referral agency personnel; or

(iii) health, building, or fire officials investigating child care facility health and safety issues.

(5) All child care providers must maintain current sign-in/sign-out records for each child receiving child care assistance and utilize them as follows:

(a) Each time the child enters or leaves the provider's care, the parent or other individual authorized to deliver or pick up the child must initial or sign the

sign-in/sign-out sheet. An electronic signature system may be used if it employs a unique and confidential identification process for individuals.

(b) Sign-in/sign-out records must indicate the child's name, the date, the hour, and the minute when the child enters and leaves the provider's care.

(c) The provider must make sign-in/sign-out records available to child care resource and referral agency staff and state and local government health, safety, or law enforcement representatives upon request.

(d) The provider must keep sign-in/sign-out records for five years beyond the date of attendance.

(e) Sign-in/sign-out records must be maintained on a daily, chronological basis that show the attendance of all children. If the provider maintains a sign-in/sign-out record by individual child or family, it does not meet the requirements of this rule.

(6) Providers must have a policy on preventing and reducing expulsion and suspension. The policy must include the following:

(a) reasons for expulsion;

(b) procedures for expulsion;

(c) how the provider will assist the child and parent with transitions; and

(d) the types of referrals the provider will make such as those to a community agency that could offer additional supports to the family.

Authorizing statute(s): 52-2-704, MCA

Implementing statute(s): 52-2-704, 52-2-713, 52-2-721, 52-2-722, 52-2-723, 52-2-731, MCA

37.80.316 REQUIREMENTS AND PROCEDURES FOR CHILD CARE PAYMENTS

(1) Except as provided in (2) and (3), the provider will receive payment for child care services when the care is provided outside the child's home.

(2) Payment will be made to the parent when a care giver, who does not live with the parent or child, provides child care in the child's home.

(3) Payment will be made to the provider when the provider participates in a tiered reimbursement program, as referenced in ARM 37.80.205(6). Tiered reimbursement programs are intended to benefit the higher quality child care provider.

(4) In the case of direct payment to the parents, the parents and/or the provider bear sole responsibility:

(a) for obtaining provider registration through ARM ~~37.95.103~~ 37.96.108 prior to claiming payment for covered child care under this chapter; and

(b) for resolving disputes as to proper payment arising between the parent(s) and the provider.

(5) The provider must ~~submit a claim~~ report a child's attendance for covered child care services ~~on the billing form provided by the department~~ through the electronic provider portal. Except as provided in (4)(a), a completed billing form with all information and documentation necessary to process the claim must be ~~received by the resource and referral agency of the department~~ submitted within 60 calendar days after the last day of the calendar month in which the service was provided. Timely ~~filing of claims~~ reporting of a child's attendance in accordance with the requirements of this rule is a prerequisite for payment. In addition:

(a) The ~~claim~~ reported attendance must be for actual care provided by the provider designated on the child care authorization and corresponding authorization plan as defined in ARM 37.80.102 and subject to the limitations described in ARM 37.80.201(9). The provider may not bill for care subcontracted to another individual or facility.

(b) The ~~claim~~ reported attendance must accurately reflect the child's time in and time out as indicated on the provider's sign-in/sign-out records.

(c) The ~~claim~~ reported attendance must be verifiable through the provider's sign-in/sign-out records as required in ARM 37.80.301(5).

(d) If the authorization and corresponding authorization plans are not completed until after the calendar month in which the child care is provided, the claim will be considered to be filed timely if a completed ~~billing form~~ invoice with all information and documentation necessary to process the claim is received by the department or the entity designated by the department for this purpose within 60 days after the ~~billing document~~ invoice is ~~sent~~ available to the provider.

(e) If corrections or adjustments to a submitted claim are necessary, they must be received by the department or its designated entity within the 60-day period prescribed by this rule for timely filing of the claim.

~~(6) Once an invoice is submitted, invoices are processed within three business days by the child care resource and referral agency.~~

~~(7)~~(6) In cases where payments are made directly to the parent, a parent who fails to pay the provider will be ineligible for further child care assistance until the provider has

been paid in full or the parent has made arrangements for payment which are satisfactory to the provider.

Authorizing statute(s): 52-2-704, MCA

Implementing statute(s): 52-2-704, 52-2-711, 52-2-713, MCA

37.80.317 AUTHORIZATION OF SERVICES – AUTHORIZATION PLANS

(1) Child care assistance is provided for through an authorization of services and an authorization plan. The authorization of services and authorization plan include the following information:

(a) number of children authorized to receive child care assistance;

(b) ~~number of hours per week authorized~~ approved time category, part-time or full-time;

(c) number of months authorized;

(d) name of the child care provider;

(e) amount of child care payment based on the ~~number of hours per week authorized~~ approved time category; and

(f) amount of monthly copayment that the parent must pay to the provider.

Authorizing statute(s): 52-2-704, 53-4-212, MCA

Implementing statute(s): 52-2-704, 52-2-713, MCA

ADOPT

The rule proposed to be adopted is as follows:

NEW RULE 1 AUTHORIZATION OF SERVICES

(1) Each child authorized for child care shall have one primary provider, as defined in ARM 37.80.102.

(2) An infant/toddler or preschool-age child may be authorized for either part-time or full-time child care, as defined in ARM 37.80.102.

(3) A school-age child shall only be authorized for part-time child care during the school year.

(a) The school year is defined by the school district in which the child attends school.

(b) A waiver may be granted if the parent can demonstrate to the department that full-time child care during the school year is necessary to accommodate a child with special health needs or a parent who works non-traditional hours.

(4) A school-age child may be authorized for part-time or full-time child care during the summer.

Authorizing statute(s): 52-2-704, 53-4-212, MCA

Implementing statute(s): 52-2-704, 52-2-713, MCA

General Reasonable Necessity Statement

The Department of Public Health and Human Services (department) proposes to amend ARM 37.80.101, 37.80.102, 37.80.201, 37.80.202, 37.80.203, 37.80.205, 37.80.301, 37.80.316, 37.80.317, and to adopt NEW RULE 1 to implement House Bill 648 (passed during the 2023 Legislature and signed by Governor Gianforte); meet federal requirements in 45 CFR Part 98 (Child Care and Development Fund); align with ARM Title 37, chapter 96; meet the guidelines of Governor Gianforte and Lt. Governor Juras's Red Tape Relief Project, and simplify rules for ease of understanding.

NEW RULE 1, ARM 37.80.102, and ARM 37.80.205

Amendment of ARM 37.80.102, 37.80.205, and the adoption of NEW RULE 1 are necessary for the shared purpose of implementing the department's proposed change to how it authorizes child care subsidized by the Best Beginnings Scholarship program. Specifically, the department proposes eliminating the current practice of weekly authorization and implementing monthly authorization based on enrollment. This change is necessary as the Best Beginnings Scholarship (BBS) program moves from making attendance-based payments to enrollment-based payments. The department proposes that monthly authorizations be for either full-time or part-time child care, with corresponding monthly rates, and that authorizations be limited to a single primary provider. It is proposed that care for school-age children, as defined in ARM 37.80.102, be part-time during the school year, and full-time or part-time in the summer, based on family need.

The department also proposes updating how it authorizes child care through BBS to better reflect modern child care business practices and ensure families have more stable access to

care. Currently, scholarship authorizations are determined on a weekly basis. The department proposes moving to monthly authorization based on enrollment. Most child care providers are small businesses with fixed costs, such as rent and staff wages, that must be paid regardless of whether a child is absent for a day. Under the new proposed system, if a child attends for any portion of the month, the provider receives the full monthly enrollment payment. This mirrors the "private-pay" market where parents pay for a "slot" in a program rather than by the hour. This change would make it easier for providers to accept scholarship families because providers' income would be more predictable.

The department's most recent Market Rate Survey, conducted in 2023, found that the vast majority of child care centers and home-based providers close at least six days a year for holidays or vacations, and most charge all families for those days in order to keep their businesses viable. By moving to a monthly enrollment payment, the BBS program would cover these standard business closures. This ensures that scholarship families are treated the same as private-paying families and prevents providers from losing income during holidays.

Additionally, the department proposes amending ARM 37.80.205 to align with federal Child Care and Development Fund (CCDF) regulation 45 CFR 98.45(m)(2)(i), delinking provider payments from a child's occasional absence by basing payment on a child's enrollment. To help ensure program integrity and to engage families in the validation process, the department proposes that payment will not be made until attendance is electronically submitted by a child care provider.

The proposed full-time/part-time distinction for care provided to school-age children, as defined in ARM 37.80.102, is required by 45 CFR 98.56(c); this federal regulation prohibits the payment of a child care subsidy for time when a child is attending school. School-age children are generally in school for the majority of the day, meaning, under the proposed rule change, they would typically be authorized for part-time enrollment. During the summer months, the authorization could shift to full-time enrollment based on the family's specific work or education needs. Parents or guardians who require additional child care during the school year could seek an exemption to this provision and obtain authorization for additional care through the Child Care Bureau. Parents and guardians of non-school-age children would not be subject to this provision and would determine their child's need for part-time or full-time care year-round. These proposed amendments are necessary to bring the rules into compliance with federal regulations while also providing for case-by-case flexibility in meeting families' child care needs.

The department proposes that child care subsidy authorizations be limited to a single primary provider for each child. If a child has a part-time authorization with a primary provider, they may also have a part-time authorization with a secondary provider. A definition of secondary provider is proposed in ARM 37.80.102. To reduce the administrative burden on families and providers, the CCDF program assigns a single family copayment to the primary provider. This prevents split-payment confusion and ensures a streamlined billing process for the household. This proposed shift is informed by the 2023 Market Rate Survey, which revealed that the vast

majority of providers operate on an enrollment-based business model. Over 44% of home and center-based providers define "full-time" as five days of care per week, with an average operating window of 10 hours per day. By aligning authorizations with these market realities (defining full-time as 26+ hours per week), parents would experience fewer discrepancies between their authorized hours and the enrollment slots providers actually have available. This amendment is also necessary for accurate fiscal planning under the new monthly payment model and follows the implementation of House Bill 648 by clarifying that two providers cannot be paid for the same service period for care of the same child.

As payments would no longer be based on attendance, but on monthly enrollment of either full-time or part-time, a revision of the full-time and part-time definitions and the addition of primary/secondary provider in ARM 37.80.102 are necessary to support the new monthly payment structure and single-provider limit that the department is proposing.

These proposed changes have the potential to increase business predictability for child care providers. The transition to monthly enrollment-based payments provides these businesses with a more stable and predictable revenue stream. Previously, payments were often tied to actual daily attendance, meaning a provider's income could fluctuate mid-month if a child was absent or changed providers. Under the proposed rules, if a child is enrolled and attends any portion of the month, the provider receives the full monthly authorized amount. This ensures that providers can cover fixed costs, such as staff wages and facility overhead, regardless of minor fluctuations in daily attendance. Paying by monthly enrollment rather than daily attendance provides caregivers with reliable cash flow.

Additionally, the department is seeking to align BBS payment practices with private pay practices, which would reduce the administrative burden on providers as all families would be under the same monthly payment policy. This parity would make it easier for providers to manage their budgets and would encourage them to accept more BBS families, as the payment structure matches their existing business model. Being a back-up provider for intermittent care often leaves providers with unpredictable, "on-call" income that is difficult to incorporate into a stable business plan. By focusing on primary enrollment, the department would direct state resources toward supporting dedicated, consistent care slots. This creates a stronger financial partnership between the department and primary providers, ensuring that those who commit to a child's long-term care are appropriately and predictably compensated.

The department proposes to clarify what a baseline payment unit is and when additional payments could occur. Federal regulations require reimbursement rates to follow the most recent market rate survey. The baseline payment is monthly, aligning with proposed definitions for part-time and full-time enrollment in ARM 37.80.102, based on child care facility information from the 2023 Montana Market Rate Survey. The Market Rate Survey determined a"high growth county" premium to help with Cost of Living in certain counties deemed "high growth." A future market rate survey will determine if an additional premium or other type of payment is required based on payment information from providers.

The department also proposes to increase the reimbursable registration fee by $70 from $30 to $100 to align with contemporary rates. According to the 2023 Market Rate Survey, 46% of providers charge annual enrollment fees to private-pay families. Current scholarship rates have lagged behind these costs. This increase would create parity between subsidy-enrolled and private-pay families. By paying the provider's actual fee (up to the new, higher cap), the department aims to reduce the financial gap providers often have to absorb, ensuring they are fairly compensated for the administrative costs of intake and enrollment.

The department proposes to end a child's authorization of child care services if a child does not attend a provider for two consecutive months. To ensure program integrity, it is expected a provider would not hold an enrollment slot for a child when the child is not attending on a regular basis. This practice is intended to allow a parent to select a provider that meets the needs of the child and family and maximize the state's use of scholarship dollars to serve as many children as possible.

Specific to ARM 37.80.102, the department seeks to revise the definitions of "provider" and "relative care," incorporating the correct cross references. This is necessary to align with the provider licensing rules in ARM Title 37, chapter 96 that were amended in 2025. The removal of the option to request a copy of the federal poverty guidelines (FPG) and the addition of the federal website link will eliminate unnecessary instructions, as the information is readily available online. The final proposed changes, updating "food stamps" to "supplemental nutrition assistance program" (SNAP) and removing repealed statute citations, are minor changes that will modernize and clarify the rule.

The department is also seeking to update the division's name. This change is necessary to reflect the program's move to the Early Childhood and Family Support Division in 2020, ensuring continuity and accuracy. Finally, the department proposes removing citations to repealed implementing statutes as they are unnecessary.

ARM 37.80.101

The department proposes adding the school-age license category found in ARM 37.96.101, clarifying that financial assistance may be available for children receiving care in these facilities. This licensing category was added in to ARM 37.96.101 in 2025. This proposed change will bring ARM Title 37, chapters 96 and 80 into alignment, reinforcing regulatory conformity.

The department also proposes changing the effective date of the Child Care Policy Manual and incorporating the revised manual by reference. This change will provide the public with notice and an opportunity to comment on the most recent version.

Further, the department proposes updating citations and cross-references to modernize the rule and guide readers to the correct federal and state regulations. The department is also seeking to update the division's name and address. This change is necessary to reflect the program's move to the Early Childhood and Family Support Division in 2020, ensuring continuity

and accuracy. The department proposes to add Scholarship to the chapter reference, following 52-2-714, MCA. Finally, the department proposes removing citations to repealed implementing statutes as they are unnecessary.

ARM 37.80.201

The department proposes modifying the non-financial requirements for eligibility and prioritization of BBS funds. This change is necessary to clarify the language regarding the three-month grace period: CCDF rules require a three-month grace period be given when a parent reports a non-temporary loss of employment, school, or training. This change is necessary to align ARM 37.80.201 with the specific requirements of CCDF federal rules (45 CFR 98.21(a)(2)), to ensure parents are advised of the consequences of not making a timely report, and to promote uniform application when parents do qualify for a grace period.

Additionally, the department proposes removing the requirement to "actively seek work" in order for parents to be eligible for the three-month grace period. A grace period may be used for a non-temporary loss of school and training, so the current requirement to actively seek work does not meet all circumstances in which a grace period may be granted. The department proposes to change the grace-period time frame from 90 calendar days to three consecutive months to align with federal regulation ((45 CFR 98.21(a)(2)).

The department proposes establishing that children in foster care should be a prioritized group for BBS subsidy. The department is pursuing this change because it has identified this population as meeting CCDF's protective services definition (45 CFR 98.20(a)(3)(ii)(B)), ensuring services are prioritized for this vulnerable population if funding limits require a waitlist. This change would impact child care providers if a waitlist were enacted, as providers serving children in foster care will have a higher probability of receiving scholarship payments for those children. In turn, this change will impact parents and guardians of children receiving BBS by giving children in foster a higher priority in the event of a waitlist.

Finally, the department proposes removing a citation to a repealed statute and clarifying the program name in order to modernize and clarify the rule.

ARM 37.80.202

The department proposes to change the income thresholds for traditional eligibility and graduated eligibility to align with 52-2-715, MCA. These family income eligibility requirements were amended during the 2023 Legislative session, and the proposed changes are necessary to bring the regulation into statutory compliance. This sees the income ceiling for initial eligibility raised from at or below 150% of the federal poverty guideline (FPG) to at or below 185% FPG. Conjointly, the department proposes moving the graduated eligibility limit from above 185% FPG to below 200% FPG. Maintaining a graduated eligibility system is a federal requirement under 45 CFR 98.16(h)(2). This allows families with higher incomes to be eligible for BBS and to participate in the graduated phaseout.

The department also proposes clarifying the specific requirements and time period for presumptive eligibility to ensure a transparent and consistent application process. This change is necessary because the revised list of requirements provides clear guidance on how eligibility criteria are met, distinguishing between items satisfied by a self-statement and those requiring hard-copy documentation. While many requirements can be met through a self-statement to expedite access to care, the department must require documentation verifying that a child meets federal eligibility criteria under 45 CFR 98.20. This documentation is necessary to ensure the state remains in compliance with federal mandates before program funds are disbursed. To help maintain financial integrity, the department has also proposed that in order to qualify for presumptive eligibility, applicants must not owe money to providers (in the form of unpaid monthly copayments) or to BBS (an overpayment from a previous eligibility period). Applicants may still be eligible for presumptive eligibility if they are participating and current in an overpayment repayment plan. The department believes this approach will require financial responsibility from BBS participants without barring them from receiving child care services, the latter of which could then prevent parents from entering or remaining in the workforce.

The department proposes that if a family is determined presumptively eligible at any point during a month, the child care provider will be compensated for the entirety of that month. This change is necessary to align the presumptive period with the monthly authorizations in ARM 37.80.205. Providing a full month of compensation upon determination ensures the provider is paid for the slot they are holding for the child. The family is granted at least one full calendar month to complete the full application and verification process. This standardized timeline is necessary to provide families a clear and predictable window in which to gather documentation and transition to a 12-month eligibility period without the risk of a coverage gap.

To maintain program integrity and prevent the misuse of this temporary benefit, the department proposes limiting the use of presumptive eligibility to once every 12 months and excluding its use during the annual redetermination process. This limitation is necessary to ensure the benefit is used as intended—as a bridge for new applicants entering the program, rather than as a recurring method to bypass standard verification requirements at the end of an eligibility cycle.

ARM 37.80.203

The department proposes changing the effective date for a change in child care provider or copayment to the first of the following month and eliminating backdating. This change is necessary because federal rules require payment based on enrollment (45 CFR 98.45(m)(2)(i)) and to align with private-pay practices reported in the 2023 Montana Market Rate Survey. In the survey, the majority of providers (59% of home-based providers and 71% of center-based providers) charge for care before care is provided. This means that the family's copayment obligation is due before child care is provided. The scholarship payment is made after the child care is provided because attendance is required as an effort to lessen the possibility of fraud on the federal funds distributed. Typically, a provider defines a service unit as a month and

charges a parent at the beginning of each month. Defining enrollment on a monthly basis requires the provider to be in place before the service month begins. Disallowing backdating prevents the department from paying two providers for the same child in the same service period, ensuring fiscal responsibility under the new monthly payment structure, and preventing the need for the department to recoup overpaid funds. A copayment change must also be effective for the upcoming month to ensure the payment to the provider is accurate and consistent.

This change would eliminate the option for partial payment to a new provider when a child's authorization is changed mid-month. The original, previously authorized provider receives the full payment for that month. Additionally, receiving advance notice of a parent's copayment obligation enables accurate billing.

This change would also impact parents and guardians of children receiving BBS by making the parent financially responsible for a partial month of child care if the parent chooses to switch providers mid-month, as the scholarship cannot pay for the change retroactively. It also does not allow for a lowered copayment for a partial month if a household's income decrease occurs mid-month (the lower copayment will be effective the first of the following month). Implementing copayment adjustments on the first of the following month maintains the integrity of the fixed monthly enrollment model and ensures a predictable billing cycle for all parties. Because the department lacks a mechanism for mid-cycle proration, this policy prevents significant accounting disruptions and discrepancies for child care providers. This approach provides administrative consistency and eliminates the need for complex mid-month reconciliations or the recoupment of overpaid funds.

Private pay policies reported in the market rate survey indicate that a family must pay for child care before child care is rendered or at the beginning of the month. When a parent reports a decrease in income, the lowered copayment benefit will be given as soon as the next copayment obligation is next required, before child care is rendered the next month or at the first of the next month. As noted above, varying a family's copayment obligation mid-month causes possible payment issues. In the 2021 Legislative Audit Report on the Child Care Under the Big Sky computer database, invoice adjustments cost on average $3.30 to process. Mid-month copayment obligations are likely to cost both time and administrative cost to correct.

The department further proposes to add clarifying language that household monthly gross income over 85% State Median Income (SMI) will result in loss of BBS eligibility. This change is necessary to bring the rule into federal compliance and to provide notice that a family's subsidy eligibility period may be less than 12 months if their income exceeds the federal cap. See 45 CFR 98.21(a)(1)(i).

ARM 37.80.301

The department proposes to update the reference to child care licensing rules found in ARM Title 37, chapter 96, which were amended in May 2025. This proposed change will provide clarity and accurate cross references to an updated subchapter of administrative rules.

Additionally, the department is seeking to update the division's name and address. This change is necessary to reflect the program's move to the Early Childhood and Family Support Division in 2020, ensuring continuity and accuracy. These changes are not substantive.

Finally, the department proposes to update a cross reference and the name of the program's policy manual. These minor changes are needed to give readers accurate information.

ARM 37.80.316

The department proposes to update the reference to child care licensing rules found in ARM Title 37, chapter 96, which was amended in May 2025. This proposed change will provide clarity and accurate cross references to an updated subchapter of administrative rules.

The department also proposes revising how a child's child care attendance is reported. The department implemented a new parent and provider portal in 2026. This secure online platform replaced the paper-based processes the department previously used. In a 2021 Legislative Audit Report, the previous system, Child Care Under the Big Sky, was determined to be obsolete, and the department had to develop a modernization strategy plan to replace the system. The audit report stated paper invoices cost an average of $1.17 to process versus an online invoice cost of $.55. Based on the high percentage of participation in the previous system and the processing cost per invoice, the department has implemented attendance submission through the provider portal. This proposed change will modernize the process by utilizing the online platform, and reduce administrative burden on parents, providers, and the department.

The department proposes to remove language about processing timelines by a child care resource and referral agency. In the previous system, paper invoices could be used to report attendance, and the current rule accounted for the time needed to process these paper invoices. With the new provider portal, invoices are submitted electronically. The proposed changes reflect this move to electronic invoice submission.

ARM 37.80.317

The department proposes revising information found on the authorization plans to align with proposed changes in ARM 37.80.102, 37.80.201, and NEW RULE 1, specifically the proposed changes to the categories of providers (part-time or full-time) that may be approved. This change is necessary to create continuity throughout the subchapter.

Small Business Impact

Most child care providers are small businesses. The department expects child care providers who have children receiving the Best Beginnings Scholarship and authorized for either part-time or full-time will continue to see the same child care subsidy payments. The impact on an individual small business will be based on the number of children with the Best Beginnings

Scholarship served by the child care provider, the number of child care hours each child with child care assistance is authorized for, and the number of hours each child attends at the child care provider's facility per month.

These changes have the potential to eliminate subsidy payments for providers who previously served as secondary or back-up care. Child care providers that provided care during an occasional school holiday or closure may be affected. In 2025, 216 children were authorized for back up care at 109 different child care providers, which could cost approximately $460,000 annually.

In SFY2025, the scholarship had direct expenditures of approximately $51.5 million, while there were $45.4 million in authorizations, showing a utilization over the authorized amounts. This shows that providers routinely received over what the scholarship could predict due to current policies.

Fiscal Impact

The department does not anticipate any fiscal impact as a result of this rulemaking.

Bill Sponsor Notification

The bill sponsor contact requirements apply and have been fulfilled.

Interested Persons

The department maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by the department. Persons who wish to have their name added to the list shall make a written request that includes the name, e-mail, and mailing address of the person to receive notices and specifies for which program the person wishes to receive notices. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written request may be emailed, mailed or otherwise delivered to the contact person above.

Rule Reviewer

Heidi Sanders

Approval

Charles T. Brereton, Director
Department of Public Health and Human Services