

# Child Care

## NEWS BRIEF



## Child Care Reimbursement Rate Update

Greetings Child Care Provider Partners! As summer begins to wind down and thoughts turn to school time activities and subtle hints of Fall, the Department wants to take this opportunity to express our gratitude and appreciation for all you do in support of families and children in Tennessee.

This special edition of the Child Care Services Newsletter is to share information on implementation of a waitlist effective August 26, 2025 for Smart Steps *only* and changes to the Child Care Reimbursement Rate structure that will become effective October 1, 2025.

Over the past several years, the Tennessee Department of Human Services (TDHS) has experienced an influx of funding to support families and providers as we navigated COVID response and recovery. During this time, our team worked diligently to implement new initiatives such as Stabilization Grants and Essential Employee Child Care Payment Assistance. We expanded services through our quality partners including additional training, coaching and financial resources. Throughout this time and as part of our transformation journey, we have successfully expanded resources and services that have allowed us to build a strong, sustainable framework that supports families, providers and employers.

As the COVID funding has now ended, our primary Child Care and Development Fund (CCDF) allocation has also returned to pre-COVID levels. In reviewing budgets, expenditures and trends for the coming years, our CCDF budget needs to be adjusted to reflect the current federal grant award and priority programming. With these adjustments, some services will be impacted.

Based on our budget, we have decided to prioritize our Child Care Payment Assistance categories to serve families with the most need. Over the past year, we have seen an increase in the number of families and children served through the Smart Steps program. To manage the level of enrollments in this program, we have implemented a waitlist for Smart Steps *only* that began close of business on Tuesday, August 26, 2025. Smart Steps will continue to be offered as a child care payment assistance program at a capped level. Families currently receiving Smart Steps who meet eligibility criteria based on our policies at time of redetermination will be renewed. The waitlist will only impact approving new families at this time. As we manage enrollments, we will communicate with families on the waitlist regarding status and any changes.

We will continue child care payment assistance without a waitlist for families participating in Families First, SNAP E&T, and who are eligible for assistance through Transitional Child Care and At-Risk Child Only. Additionally, we will continue assistance for Teen Parent Child Care Payment Assistance and children authorized through referrals received from the Tennessee Department of Children's Services for Foster Care (SSC). Referrals for Adoption Assistance (SAS) and Non-State Custody (SNC) child care payment assistance will continue.

The Department remains committed to increasing access for families approved for child care payment support through the weekly Child Care Reimbursement Rates issued to child care agencies on their behalf. Over the past several years, we have been able to increase rates seven (7) times and incorporate differentials that reduce the cost-sharing impact for families. Additionally, the automated Billing & Payments system was deployed to increase payment timeliness within one week after the service is delivered based on submissions of the Enrollment, Attendance and Verification (EAV) document. These various changes have increased the participation of child care agencies in the Certificate (Child Care Payment Assistance) program.

Based on the current level of funding, the Department has evaluated how we may continue to support families and children with child care payment assistance with minimum disruption and meet the adjusted CCDF budget levels. Under the current budget, base reimbursement rates remain in effect. We will continue to offer 15% differentials for infants and children with diagnosed disabilities. Differentials for toddlers, desert and distressed counties and non-traditional hour care will be eliminated. The updated Child Care Reimbursement Rate Chart effective October 1, 2025, [may be found here](#).

In June 2024, to further support families, we began waiving co-pays for those who had income below the 150th percentile of Federal Poverty Level. Beginning October 1, 2025, we will remove this option, and the 5% co-pay will be applied. We will continue to waive the co-pay for families who are participating in Families First, the Early Head Start partnership, and Foster Care. You will be receiving updated Certificates in mid-September that reflect the co-pay amount, if applicable. The updated Income Eligibility Limits and Parent Co-Pay Fees Effective October 1, 2025 [is located here](#).

The current Market Rate Survey for 2024-2025 [located here](#) indicated changes to the Top Tier designation which includes the 20 most populous counties plus the 20 highest per capita income counties. These changes removed Dyer County from the Top Tier.

We remind you to work with families as soon as possible on any changes in the cost difference/cost-sharing portion that will be effective October 1, 2025. The Department will send notifications to families approved for child care payment assistance so they may begin preparing for any changes.

The Child Care Services Team wishes to thank you for continuing your participation in the Certificate Program so that families have access to quality child care programs.

Follow @TNHumanServices



Tennessee Department of Human Services

505 Deaderick Street

Nashville, TN 37243-1403

[ChildCareServices.DHS@tn.gov](mailto:ChildCareServices.DHS@tn.gov)

[Manage](#) your preferences | [Opt Out](#) using TrueRemove™

Got this as a forward? [Sign up](#) to receive our future emails.

View this email [online](#).

505 Deaderick Street, 17th Floor | Nashville, TN 37243 US

This email was sent to .

*To continue receiving our emails, add us to your address book.*

**emma**®

[Subscribe](#) to our email list.