



ARP Act Child Care Stabilization Funding Guidance

Webinar for State and Territory Administrators
May 12, 2021

A network diagram on a green background showing eight stylized human icons in various colors (blue, green, purple, yellow, red) connected by white lines, representing a support team.

Help Desk

(During the webinar)

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The logo for the Office of Child Care, featuring a red heart icon and the text "Office of Child Care" in red.

Presenter

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ADMINISTRATION FOR
CHILDREN & FAMILIES

OFFICE OF EARLY CHILDHOOD
DEVELOPMENT



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ARP Act Stabilization Funding Background

- The American Rescue Plan (ARP) Act appropriated nearly \$24 billion for child care stabilization funds.
- Funds were awarded based on CCDF Discretionary formula to states and territories on April 15, 2021.
- Funds are exempt from CCDF spending requirements related to quality activities, direct services, and administrative costs.
- States and territories may set-aside up to 10% of their stabilization award for administration, activities to support supply building, and technical assistance.
- Remaining funds (at least 90%) must go to subgrants to qualified child care providers.

Set-aside for Administration, Supply Building, and Technical Assistance

- 10% set-aside may be spent directly by the lead agency or awarded to other organizations through grants/contracts.
- Funds may be used for:
 - Administering stabilization subgrants
 - Activities to increase the supply of child care
 - Technical assistance and support for subgrant applications
 - Publicizing availability of subgrants
 - Technical assistance for providers to meet requirements throughout subgrant

Qualified and Eligible Providers

Qualified and Eligible Child Care Providers

- The Act and Guidance provide requirements and recommendations about which providers may be eligible to receive subgrants. Lead agencies determine the providers they include.
- Subgrants designed to be awarded to providers regardless of whether they've previously received federal funds.
- CCDF-eligible providers may receive subsidy payments and subgrants at the same time. This is not “double dipping” or supplantation.

ARP Act Definition of Qualified Providers

- To be considered a “qualified provider” and eligible for stabilization subgrants, a provider must on the date of application submission:
 - Be an eligible provider as defined in the ARP Act, **and**;
 - Be open to provide child care services, **or**
 - Temporarily closed due to public health, financial hardship, or other reasons relating to COVID-19
- Lead agencies should define acceptable reasons for closure broadly and allow for provider self-attestation.

ARP Act Definition of Eligible Provider

Defines eligible child care provider as:

A. An eligible child care provider as defined in CCDBG, which include:

- Center-based child care, group home child care, family child care, or other providers of child care services for compensation that-
 - Are licensed, regulated, or registered under state law; and,
 - Satisfy the state and local requirements, including health and safety requirements outlined in the CCDBG Act; or,
- Child care providers that are 18 years of age or older who provide child care services only to eligible children to whom they are related.

B. A child care provider that is licensed, regulated, or registered in the state, territory, or Indian tribe on the *date of enactment* and meets applicable state and local health and safety requirements.

Two Paths for Eligible Centers and Family Child Care

Path 1

- ✓ Provider meets CCDF requirements, including health and safety.
- ✓ Provider is licensed, regulated, or registered.
- ✓ Provider is open to provide child care services or is temporarily closed due to COVID-19 on the date of application submission.

Path 2

- ✓ Provider was licensed, regulated, or registered as of March 11, 2021.
- ✓ Provider met applicable state and local health and safety standards of March 11, 2021.
- ✓ Provider is open to provide child care services or temporarily closed due to COVID-19 on the date of application submission.

Providers Not Eligible on March 11, 2021

- Providers that were not licensed, registered, or regulated on March 11, 2021 and do not meet CCDF requirements are not eligible for a stabilization subgrant.
- If a provider wants to access a stabilization subgrant, that provider could become CCDF-eligible (including completing health and safety and background check requirements) prior to application submission.
- Lead agencies encouraged to have pathways for providers that want to become CCDF-eligible and apply for a subgrant.

Other Types of Providers

- Relatives: Must care for CCDF-eligible child. Lead agencies discouraged from awarding subgrants to relatives not participating in the subsidy system before 3/11/21.
- Non-relative In-Home: May be eligible. Lead agencies discouraged from awarding subgrants to in-home providers not participating in the subsidy system before 3/11/21.
- School-age: Eligible if meet ARP Act definition. Lead agencies encouraged to provide subgrants to providers serving school-age children.
- Head Start and Pre-K: In some case may be eligible based on licensing rules. Lead agencies are discouraged from awarding subgrants to Head Start and Pre-K programs except where there is a lack of child care or use for wrap around services.

Administering Subgrants

Subgrant Applications

- Applications must be posted on the lead agency's child care website.
- Applications should not be burdensome and only ask what the lead agency needs to determine eligibility and award amount.
- Should be plain language and available in multiple languages.
- Lead agencies should provide TA and supports for completing applications.
- May use different applications for different types of providers.
- May update applications throughout the grant period.
- Accepted on a rolling basis and processed in a timely manner.

Certifications

- As part of the applications, providers must certify that they will:
 - Implement policies in line with health and safety guidance.
 - Continue to pay at least the same wages and same benefits for staff.
 - To the extent possible, provide relief from copays and tuition for parents.
- Lead agencies can have check boxes on application and treat submission as “certification”.
- Lead agencies determine monitoring and documentation to ensure providers are meeting these requirements.

Determining Subgrant Amounts

- Subgrant amounts must be based on provider's stated operating costs.
- Lead agencies have discretion in how they formulate subgrant amounts.
- Limit burden on child care programs and only ask for what is necessary to determine subgrant amounts.
- Lead agencies can use cost estimation, formulas, provider surveys, or individual provider documentation to calculate operating costs.
- Providers must affirm any expense estimates used by the lead agency.

Determining Subgrant Amounts (cont.)

- Funds must be awarded in advance of provider expenditures and cannot be reimbursements.
- To the extent practicable, the subgrant award amount should cover sufficient operating expenses to ensure continuous operations for the intended period of the subgrant.
- Encouraged to provide subgrants for at least 6 months and limit collecting new information.
- Amounts should reflect significant resources provided in the ARP Act and may be higher than private pay rates and prices.

Use of Intermediaries

- Lead agencies may award subgrants directly to qualified child care providers or through intermediaries, such as counties, child care resource and referral agencies, and staffed family child care networks.
- Agreements with intermediaries must meet CCDF requirements around subrecipients.
- Any expense incurred by the intermediary that does not go to subgrant amount counts against the 10% set-aside.

Process for Awarding Subgrants

- Lead agencies have discretion in how they award subgrants.
- Guidance includes these recommended models:
 - Prioritizing small child care programs
 - Recurring subgrants
 - Multiple subgrant programs
 - Providing bonuses or supplemental funding for providers meeting certain needs of families
- May adjust how subgrants are awarded throughout the funding period. Encouraged to do so based on feedback from providers, parents, and communities.

Uses of Subgrant Funds

- Providers receiving subgrants must use the funds for at least one of the following activities:
 - Personnel costs, benefits, premium pay, and recruitment and retention.
 - Rent or mortgage payments, utilities, facilities maintenance and improvements, or insurance.
 - PPE, cleaning and sanitation supplies and services, or training and professional development related to health and safety practices.
 - Purchases of or updates to equipment and supplies to respond to COVID-19.
 - Goods and services necessary to maintain or resume child care services.
 - Mental health supports for children and employees.

Using Subgrant Funds for Past Expenses

- Providers may use subgrant funds to reimburse themselves for expenses prior to enactment.
- Funds may only be used to cover allowable uses of subgrant funds described in the ARP Act.
- Lead agencies may allow providers to apply their subgrant to past or prospective expenses.
- May combine operating costs for the past expenses with prospective costs in one application.

Provider Reporting and Monitoring

- Need to balance need to collect information necessary to ensure funds are spent correctly and not overly burdening providers.
- Lead agencies should collect the following as OCC plans to collect related data from lead agencies:
 - Provider address, including zip code
 - Race and ethnicity of center director or family child care owner
 - Gender of center director or family child care owner
 - If the provider was open or temporarily closed at time of application
 - How funds were used
 - Documentation to show they met required certification

Additional Requirements

Non-Supplantation Requirement

- Stabilization funds are to supplement not supplant federal, state, or local funds used to provide child care to eligible children.
- May not replace TANF, SSBG, or other CCDF funds with stabilization funds.
- Any decrease in TANF, SSBG, CCDF MOE, or CCDF State Match spending will be considered supplantation.
- Lead agency may propose an alternative explanation to demonstrate compliance with this provision.

Key Dates

- **December 11, 2021:** Lead agency must notify ACF it is unable to obligate 50% of stabilization funds by 12/11/21. ACF will help lead agencies facing challenges with obligating the funds.
- **April 1, 2022:** Notify ACF if any funds cannot be obligated by September 30, 2022. These funds can be reallocated to other states.
- **September 30, 2022:** All stabilization funds must be obligated.
- **September 30, 2023:** All stabilization funds must be liquidated.

Additional Resources

- Office of Child Care COVID-19 Resource Site
<https://www.acf.hhs.gov/occ/training-technical-assistance/office-child-care-covid-19-resources>
- TA Resources for Implementing Stabilization Grants
<https://childcareta.acf.hhs.gov/stabilization>
- CDC Guidance for Operating Child Care Programs
<https://www.cdc.gov/coronavirus/2019-ncov/community/schools-childcare/guidance-for-childcare.html>

Questions?

