



Child Care Stabilization Grants
Help is on the way

ARP Act Child Care Stabilization Funding Guidance

Webinar for Tribal Administrators
May 12, 2021

Office of Child Care



Help Desk

(During the webinar)

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ADMINISTRATION FOR
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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 to tribal lead agencies on April 15, 2021.
- Tribes received a per-child amount and a base amount of \$30,000 for individual tribes. Consortium received \$30,000 for each consortium member (or a pro-rated amount for member with fewer than 50 children).

Spending Requirements

- Stabilization funds are exempt from CCDF spending requirements related to quality activities, direct services, and administrative costs.
- Tribal grantees may set-aside up to 20% of their stabilization award for administration, activities to support supply building, and technical assistance. Base amount funds are not subject to the cap.
- Remaining funds (at least 80%) must go to subgrants to qualified child care providers.
- Tribes may use funds for construction and major renovation after receiving ACF approval.

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

- 20% 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 includes:

- 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 tribal 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 3/11/21 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.

Tribally Operated Child Care Centers

- Tribally operated centers are eligible to receive stabilization funds from the tribal lead agency.
- ARP Act stabilization funds must be used to supplement not supplant tribally operated funds used to operate the center.
- Tribally operated centers that are also licensed by a state may be eligible receive a subgrant from the state. This is at state discretion.
- Tribally operated centers may receive stabilization grants from the tribe and the state at the same time.

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 cases 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 used for wrap around services.

Administering Subgrants

Subgrant Applications

- Applications must be posted on a lead agency 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; and,
 - 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 20% 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 sanitization 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 information from providers receiving subgrants:
 - 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 spending of federal or local funds for child care 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 if 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?

