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Remarks from the Office of Child Care Director

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# Child Care in COVID-19 Relief Packages

<table>
<thead>
<tr>
<th></th>
<th>CARES Act</th>
<th>CRRSA Act</th>
<th>ARP Stabilization (Section 2202)</th>
<th>ARP Supplemental (Section 2201)</th>
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<tbody>
<tr>
<td><strong>Date of Enactment</strong></td>
<td>March 27, 2020</td>
<td>December 27, 2020</td>
<td>March 11, 2021</td>
<td>March 11, 2021</td>
</tr>
<tr>
<td><strong>Funding Amount</strong></td>
<td>$3.5 billion</td>
<td>$10 billion</td>
<td>$23.975 billion</td>
<td>$14.99 billion</td>
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<tr>
<td><strong>Obligation Deadline</strong></td>
<td>September 30, 2022</td>
<td>September 30, 2022</td>
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<td><strong>Liquidation Deadline</strong></td>
<td>September 30, 2023</td>
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Common Requirements/Allowable Use of Funds

- **CARES**
  - Supplemental Discretionary: $3.5 billion
  - Enacted: March 27, 2020

- **CRRSA**
  - Supplemental Discretionary: $10 billion
  - Enacted: December 27, 2020

- **ARP**
  - Total: $39 billion
  - Enacted: March 11, 2021

Common Requirements/Allowable Use of Funds in CARES, CRRSA, and ARP Supplemental Discretionary
- Allows assistance to essential workers without regard to income

Common Requirements/Allowable Use of Funds in CRRSA and ARP Stabilization Grants
- Allows technical assistance to providers for COVID-19-related needs
- Supports stability for child care sector

Common Requirements/Allowable Use of Funds in CARES, CRRSA, and ARP Stabilization Grants
- Continued payment and assistance to providers
- Salaries and wages for providers
- Allows assistance to eligible providers not receiving CCDBG assistance prior to COVID-19 public health emergency
- Allows reimbursement for COVID-related expenses that have already been incurred

**Supplemental Discretionary**: $15 billion
Unlike CARES and CRRSA, these discretionary funds are not required to be spent exclusively on COVID-19-specific activities.

**Child Care Stabilization Grants**: $24 billion
At least 90% of these funds (or 80% for Tribes) shall be distributed to qualified child care providers through subgrants.
ARP Supplemental Child Care Funding Background

- The American Rescue Plan (ARP) Act appropriated nearly $15 billion in supplemental Discretionary CCDF funds.
- Awarded based on CCDF Discretionary formula to Tribal lead agencies on April 15, 2021.
- Exempt from CCDF spending requirements related to quality activities and direct services.
- Can be used for any allowable use of CCDF funds.
- Not limited to expenses related to COVID-19.
- Strongly recommend funds used to strengthen child care system and ensure families have equal access to quality, affordable child care during and after the pandemic.
Expanding Access to High-Quality Child Care

- Provider Payment Rates:
  - Significantly increase payment rates based on market rate survey (or alternative methodology) and informed by operating costs.
  - Conduct cost of quality studies and use cost information as part of strategy for setting payment rates at a level that covers the cost of providing care.

- Subsidy Payment Policies:
  - Expand use of grants and contracts for direct child care services.
  - Pay providers based on enrollment not attendance.
  - Delink provider subsidy payments from child’s absence or provider’s closure due to COVID-19.
Expanding Access to High-Quality Child Care (cont.)

- **Wages for Child Care Workers:**
  - Develop a wage ladder that sets a floor at a living wage of $15/hour.
  - Improve access to benefits such as health insurance.
  - Use grant or contract terms and conditions to require providers to pay higher wages for staff.
  - Allocate funds for scholarships or direct provision of additional training or credentials.

- **Supply of Child Care for Underserved Populations:**
  - Build supply of child care for infants and toddlers, families with non-traditional work hours, rural communities, dual language learners, and children with disabilities.
  - Rebuild supply lost during COVID-19, with a focus on low-income communities with an undersupply of child care.
Expanding Access to Child Care Assistance

- Families Struggling to Afford Child Care or Facing Job Interruptions of Income Loss:
  - Waive or reduce parent copayments.
  - Broaden the definition of qualifying activities.
  - Increase the income eligibility threshold.
  - Update policies to reflect modern labor force conditions.

- Child Care Assistance for Essential Workers:
  - Provide child care assistance to workers deemed essential during the public health emergency regardless of income.
  - Not limited to during the public health emergency, but lead agencies should prioritize essential workers with incomes below 85% SMI.
  - Does not waive the 12-month minimum eligibility limit or family asset limit for essential workers.
Expanding Access to Child Care Assistance (cont.)

- Data Systems to Support Equitable Access
  - Modernizing and maintaining data systems allowable use of funds and does not count against administrative cap.
  - Consider upgrades and improvements to provide more transparent and updated information to parents.
  - Data upgrades and analysis to inform policies and determine if resources are being distributed equitably for families and providers.
  - Strongly encouraged to upgrade with the objective of engaging providers and families in real-time.
Additional Recommended Uses of Funds

- Doing outreach to child care providers and families not currently participating in the subsidy system.
- Investing in mental health supports for child care providers and children, including resources providers can use to help parents support their child’s mental health.
Non-Supplantation Requirement

- ARP Act Supplemental Discretionary Funds funds are to supplement not supplant federal, Tribal, or local funds used to provide child care to eligible children.
- Any drop in federal, Tribal, or local spending on child care for eligible children will be considered supplantation.
- Lead agency may propose an alternative explanation to demonstrate compliance with this provision.
CCDF Plans and Reporting

- A CCDF Plan amendment is required for any substantial policy change (e.g., change in eligibility, rates, copays, etc.).
- Amendments approved before ARP remain in effect and apply to the supplemental funds.
- ARP Act supplemental funds must be tracked and accounted for separate from other CCDF funds.
- Spending will be reported on the ACF-696T.
Key Dates for Supplemental Funds

- **April 1, 2023**: Notify ACF if any funds cannot be obligated by September 30, 2023. These funds can be reallocated to other Tribes.
- **September 30, 2023**: All supplemental funds must be obligated.
- **September 30, 2024**: All supplemental funds must be liquidated.
ARP Act Stabilization and Supplemental Funds

### Stabilization Subgrants
- New program to support the entire child care market
- Reach providers regardless of past subsidy participation
- Funding is subgrants to child care providers
- Not for direct child care services or slots
- Funds available until September 30, 2023

### Supplemental Funds
- Closely aligned with the child care subsidy system (CCDF)
- Used to increase quality and supply of child care providers serving eligible children
- Help more parents afford child care and access subsidies
- Funds available until September 30, 2024
Additional Resources

- Office of Child Care COVID-19 Resource Site

- Technical Assistance COVID-19 Resource Site
  https://childcareta.acf.hhs.gov/covid-19-resources

- CDC Guidance for Operating Child Care Programs
Questions?
Closing Remarks