



ADMINISTRATION FOR
CHILDREN & FAMILIES



American Rescue Plan Act Supplemental Discretionary Funds Webinar for State and Territory CCDF Administrators

June 17, 2021



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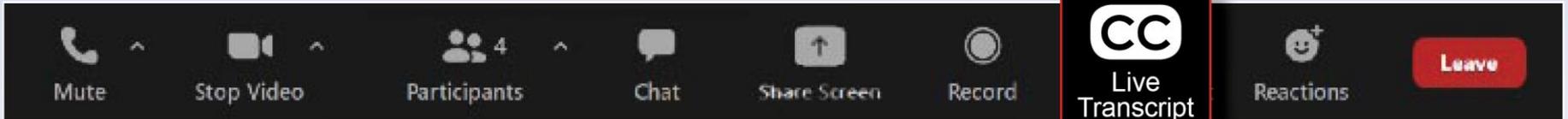
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Remarks from the Office of Child Care Director

Ruth Friedman, Ph.D.

Director of OCC, ACF, HHS



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Presenter

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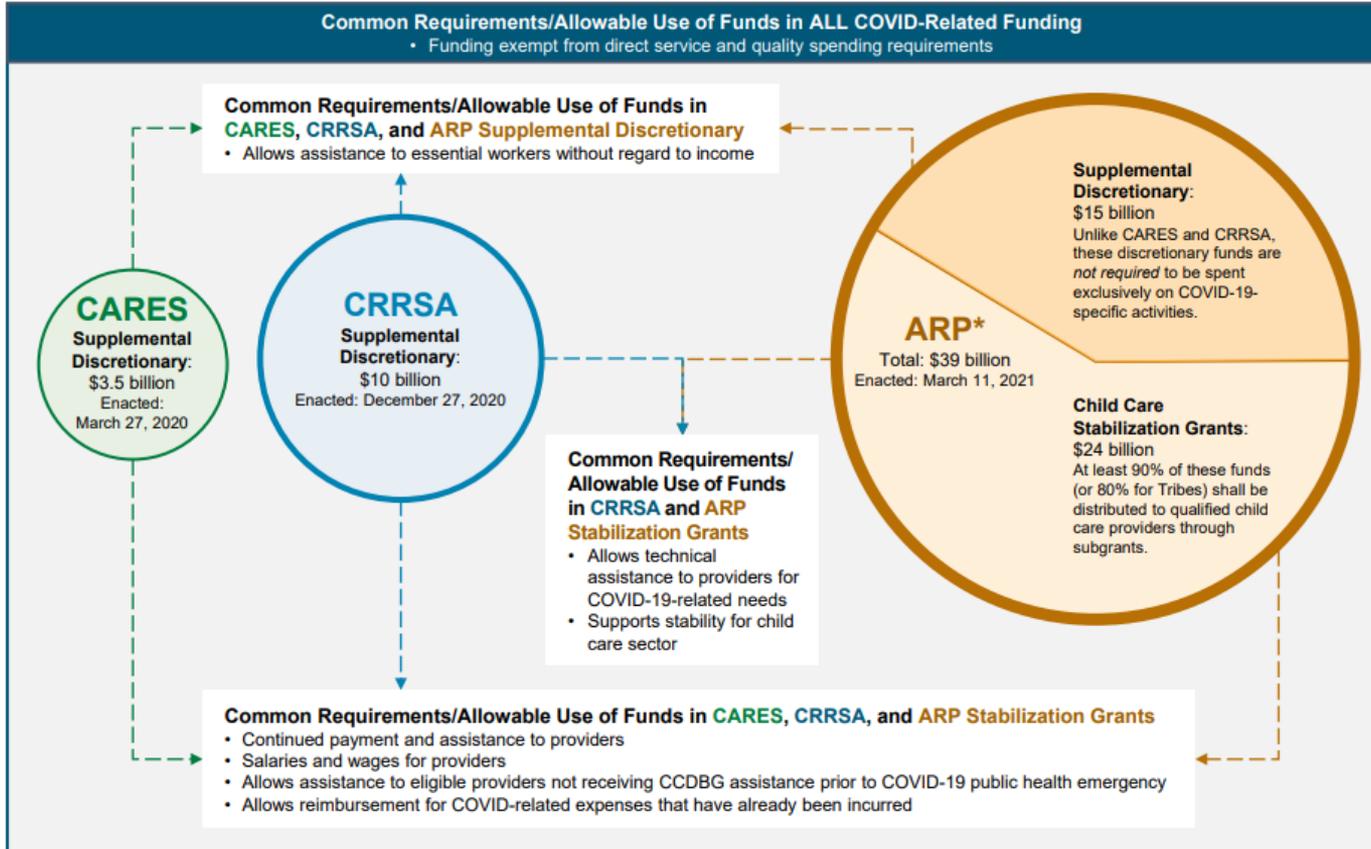
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Child Care in COVID-19 Relief Packages

	CARES Act	CRRSA Act	ARP Stabilization (Section 2202)	ARP Supplemental (Section 2201)
Date of Enactment	March 27, 2020	December 27, 2020	March 11, 2021	March 11, 2021
Funding Amount	\$3.5 billion	\$10 billion	\$23.975 billion	\$14.99 billion
Obligation Deadline	September 30, 2022	September 30, 2022	September 30, 2022	September 30, 2023
Liquidation Deadline	September 30, 2023	September 30, 2023	September 30, 2023	September 30, 2024

Common Requirements/Allowable Use of Funds



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

CCDF Plans and Policies

- A CCDF Plan amendment is required for any substantial policy change (e.g., change in eligibility, rates, copays, etc.).
- Amendments to FY 2019-2021 CCDF Plans approved before ARP remain in effect until October 1, 2021 and apply to the supplemental funds.
- States and territories will need to file an amendment to their FY 2019-2021 CCDF Plan for any programmatic changes effective before October 1, 2021.
- States and territories should include any policies that will be effective after October 1, 2021 in their CCDF Plans due on July 1, 2021.

Reporting and Monitoring

- ARP Act supplemental Discretionary funds must be tracked and accounted for separately from other CCDF funds, including the ARP Act stabilization funds.
- Spending will be reported on the ACF-696 Expenditure Report.
- OCC may seek approval for new and more frequent information, including estimates of the number of children served and progress toward goals described in the guidance.

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 states.
- **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
<https://www.acf.hhs.gov/occ/training-technical-assistance/office-child-care-covid-19-resources>
- Technical Assistance COVID-19 Resource Site
<https://childcareta.acf.hhs.gov/covid-19-resources>
- CDC Guidance for Operating Child Care Programs
<https://www.cdc.gov/coronavirus/2019-ncov/community/schools-childcare/guidance-for-childcare.html>

Questions?





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Closing Remarks

