



Leveraging ARPA Child Care Funds for Equitable Systems Change

Guidance for State and Local Leaders

By Mina Hong, Senior Policy Manager

MAY 2021



Leveraging ARPA Child Care Funds for Equitable Systems Change

MAY 2021

Since the beginning of the pandemic, Congress has approved over \$52 billion to support the child care system through the Coronavirus Aid, Relief and Economic Security (CARES) Act; the Coronavirus Response and Relief Supplemental Appropriations (CCRSA) Act; and most recently through the American Rescue Plan Act (ARPA). While these funds have focused on stabilizing this essential industry, the various pots of child care funding in ARPA — in addition to annual federal Child Care and Development Block Grant (CCDBG) funds and any state funds — provide a unique opportunity to lay the foundational infrastructure that centers racial equity to transform the child care system as we know it.

Historically child care has been woefully underfunded as well as inequitably designed. The question now is how can states be strategic in leveraging these resources to make substantial changes and lay the foundation for a more equitable system while facing very quick timelines and no promise that this level of federal funding will continue? How will states maximize each funding stream to meet the child care needs of families who are experiencing the most hardships, particularly families of color? In this white paper, we share a few ideas and guiding questions for states to consider.

Start by examining your state's long-term vision for an equitable child care system.

What current plans can you draw from to inform this vision, such as your Child Care and Development Fund (CCDF) state plan, Preschool Development Grant Birth-to-Five strategic plan, early childhood advocacy community's policy agenda? Many states have other collaborative efforts such as a Pritzker Children's Initiative-funded coalition or a Child Care NEXT vision to draw from as well.

With all of these plans, consider the following:

- Was the vision co-developed by and is there broad buy-in from families, child care providers and teachers, state agency partners, advocates, and other key stakeholders?
- How does this vision prioritize and center families, child care providers and teachers, particularly those who have been historically excluded from or marginalized in the formal child care system and decision-making processes such as Black, Latinx, Indigenous and other communities of color?
- What is the history of our interactions with the families and providers who can benefit from the system but have not had equitable access to these resources?
 - How will we acknowledge the harm of past interactions? What is required of us to initiate repair of the relationship?

Leveraging ARPA Child Care Funds for Equitable Systems Change

MAY 2021

- What will we do to ensure respectful outreach to the communities that have been historically disregarded, if our relationships are fractured or non-existent?
- While working to center the perspectives of communities of color, how are you being mindful of the impact of the ongoing pandemic and repeated white supremacy-fueled violence that clearly impacts capacity and bandwidth particularly for Black and Brown communities? Which trusted community partners can you collaborate with to find the most respectful and authentic ways to gain input?

Map the various requirements, flexibilities, and timelines for each child care funding stream.

A helpful next step might be to chart out the various requirements, flexibilities, and timelines attached to each child care funding stream (ARPA child care stabilization funds, ARPA CCDBG funds, traditional CCDBG funds, state funds) using a chart like this one:

Funding Stream	CARES	CCRSA	ARPA CCDBG	ARPA Stabilization	Annual CCDBG
	\$3.5 Billion	\$10 Billion	\$14.9 Billion	\$23.9 Billion	\$8.7 Billion
Enactment Date	3/27/2020	12/27/2020	3/11/2021	3/11/2021	(Includes \$633 million increase through ARPA)
Obligation Deadline	9/30/2022	9/30/2022	9/30/2023	9/30/2022	Annual appropriation
Liquidation Deadline	9/30/2023	9/30/2023	9/30/2024	9/30/2023	
Implementation Requirements	Prevent, prepare for, and respond to COVID	Prevent, prepare for, and respond to COVID	CCDBG regulations apply. Match waived.	1) must be based on and support the operating expenses of the provider, 2) should — to the extent possible — cover those costs for the period of the grant, and 3) can include costs related to providing care or preparing to provide care.	\$633 million increase in mandatory annual funds available to states for 10 years with no additional state match requirements through fiscal year 2022.
Strategic Opportunities for Consideration	Emergency response and begin to stabilize	Stabilization of the child care industry and opportunity to begin equitable	Build more equity into child care subsidy programs – e.g., payment policies,	Use for workforce development, supply building, mental health consultation, QRIS related supports, and other	Leverage the other two ARPA funds to make policy changes that transforms the child care system; use these funds in

Leveraging ARPA Child Care Funds for Equitable Systems Change

MAY 2021

		systems shifts.	eligibility, and family and program access; and revising QRIS to better center equity.	systems building efforts related to industry stabilization.	the long-term to support those transformations
--	--	-----------------	--	---	--

*Adapted from First Five Years Fund's ["At-A-Glance: Child Care and Development Block Grant \(CCDBG\) COVID-19 Relief Funding."](#)

It is important to be mindful of timelines, including obligation versus liquidation, as this can help inform which funding streams are leveraged for foundational investments and what can be supported by ongoing funds for longer-term systems transformation. Additional considerations include:

- What are the state's procurement rules and requirements?
 - How will they affect the timelines attached to each of the federal funding streams?
 - Is it easier to add to an existing contract than develop a new one?
 - Do the funds have to be disbursed to the contractor or grantee after services are provided or can they be received in anticipation of work?
- Can you adapt the timing of when these federal resources are liquidated to extend the flexibility of other state or community funds without supplantation of those other funds?
 - How can the annual CCDBG resources and these new investments be leveraged to ensure a more equitable distribution for the long-term?
 - How can the COVID-related funds be used to support policy adjustments around eligibility, payment rates, or reimbursement structures, and workforce compensation that create more equitable access for providers and families that have traditionally been excluded from the benefits of child care subsidies?
 - How can a combination of all the funding streams be used to build supply and access to child care that meets family needs, particularly in communities of color and rural communities?
 - How can child care be strengthened to support priority populations like families experiencing homelessness, families connected to child welfare systems, or children with disabilities?

Additional considerations to lay the foundation for change.

Based on the state's vision and priorities, identifying which funding streams can finance which priorities and for how long can help drive the transformation, and provide transparency for the field and other policy makers. Mapping out all the early childhood funding streams and their priorities will help identify where the longer-term funding gaps will be and will help to make strategic decisions on the best use of "one-time funds."

It is important to also consider the opportunities to build off the investments with these new funds to develop a plan with advocates to push for increased state investments that will support the long-term vision for early childhood systems and services. There will be continued advocacy at the federal level to sustain these new appropriations, and it is critical that states are spending these resources in significant ways in order to report back to Congress how transformational this investment has truly been.

We fully recognize policy design and implementation is rarely linear. These processes may have different starting points depending on the circumstances in your community or state. States are currently putting the December 2020 CCRSA funds out into the field and ensuring that it's implemented well, working on the plans for distributing the other COVID related funds, navigating partisan politics, fielding requests from other state entities who might benefit from these resources, while potentially in the middle of trying to develop their own state fiscal year 2022 budgets, developing CCDF state plans, and facing other capacity challenges related to limited time and people power.

At the same time, the pandemic's continued impact on communities of color and ever-present racially fueled violence impacts people's capacity to contribute to this work, particularly people of color. Yet their voices and perspectives are essential for states to develop an equitable plan for spending ARPA funds, making this incredibly challenging work feel overwhelming.

Start Early is ready to partner with you and can share existing resources and knowledge from both our organization and our broad network of partners.

To get started, here are some recent resources from our colleagues at other organizations to help you consider how to leverage COVID-19 relief funds to support your child care efforts:

- [Optimizing Distribution of American Rescue Plan Funds To Stabilize Child Care](#) by the Center for American Progress highlights how community-based intermediaries can help distribute ARPA child care funds efficiently.
- [The American Rescue Plan: Recommendations for Addressing Early Educator Compensation and Supports](#) by the Center for the Study of Child Care Employment gives specific recommendations on how to leverage ARPA funds to better support the child care workforce.

Leveraging ARPA Child Care Funds for Equitable Systems Change

MAY 2021

- [Six Opportunities to Advance Equity in the ARPA Child Care Stabilization Grant Guidance](#) by the Center for Law and Social Policy (CLASP) gives recommendations on how to embed equity more deeply into states' child care systems using ARPA funds.
- [How States Can Improve Child Care Facilities & Physical Spaces Using Federal Relief Dollars](#) by CLASP, Education Counsel, National Association for the Education of Young Children (NAEYC), and National Association for Family Child Care (NAFCC), and National Children's Facilities Network provides helpful guidance on how to leverage various pots of money in ARPA to support child care facilities.
- [Questions & Answers from ARP Webinars](#) by CLASP, Education Counsel, NAEYC, and NAFCC provides helpful answers to commonly asked questions.
- [How Early Childhood Education Providers Can Use COVID-19 Relief Funds to Establish Lasting Mental Health Supports for Staff and Children](#) by the National Center for Children in Poverty provides guidance on how to leverage covid relief funds to support infant and early childhood mental health supports.

Special thanks to [Judy Reidt-Parker at Start Early](#) and [Christine Johnson-Staub at CLASP](#) for their contributions to this white paper.



 /startearlyorg

 @startearlyorg

 /startearlyorg

 /startearlyorg