

Child Care Funding in the American Rescue Plan Act of 2021 – Table 1			
Federal Funding Stream <sup>1</sup>	CCDBG Funding for States <sup>2</sup> <a href="#">H.R. 1319 Section 2201(a) and (c)<sup>3</sup></a>	Child Care Stabilization Funding for States <a href="#">H.R. 1319 Section 2202</a>	Mandatory Child Care Funding for States <a href="#">H.R. 1319 Section 9801</a>
<b>Total Funding Available</b>	\$14.990 billion	\$23.975 billion	\$3.550 billion for each FY (+\$633 million over existing mandatory child care funding levels)
<b>California Share of Federal Money<sup>4</sup></b>	~\$1.446 billion	~\$2.313 billion	~\$355 million
<b>Timelines<sup>5</sup></b>			
<b>Federal Obligation<sup>6</sup></b>	September 30, 2021	September 30, 2021	End of applicable fiscal year
<b>State Obligation and Liquidation<sup>7</sup></b>	September 30, 2023 for obligation; September 30, 2024 for liquidation.	Traditional obligation and liquidation deadlines for CCDF discretionary funding. <sup>8</sup>	Traditional obligation and liquidation deadlines for CCDF mandatory funding.  The American Rescue Plan Act waives the state match requirement for this funding for FYs 2021 and 2022. <sup>9</sup>

Child Care Funding in the American Rescue Plan Act of 2021 – How States Can Use Funding	
<p><b>CCDBG Funding for States<sup>10</sup></b></p> <p><a href="#">H.R. 1319 Section 2201(a) and (c)</a></p>	<p>Supporting a State’s CCDF program, with some new flexibilities provided due to the pandemic. (See below, <i>How New Funding Differs from CCDBG Funding</i>)</p> <p>Supplementing, not supplanting, other Federal, state, and local public funds spent to provide child care for eligible individuals.</p>
<p><b>Child Care Stabilization Funding for States</b></p> <p><a href="#">H.R. 1319 Section 2202</a></p>	<p>Subgrants to child care providers, <i>regardless of whether they are paid with child care subsidies or receive other federal assistance</i>, with the remainder of funding not reserved by states for administrative and other costs described above.<sup>11</sup></p> <p>Providers must use subgrant money for any or all of the following:</p> <ul style="list-style-type: none"> <li>● Personnel costs</li> <li>● Rent under a lease and other facility-related payments</li> <li>● PPE, cleaning supplies, or training and professional development related to health/safety practices</li> <li>● Equipment and supplies needed during COVID-19</li> <li>● Activities necessary to maintain or resume care</li> <li>● Mental health supports</li> <li>● Reimbursing providers for costs already incurred during the pandemic that meet these requirements</li> </ul> <p>Supplementing, not supplanting, existing public funding, using the same language in the CCDBG funding section of the American Rescue Plan Act.</p> <p>Administrative, technical assistance, outreach, and supply-building activities, though states can reserve not more than 10% of their allocation for this purpose.</p>
<p><b>Mandatory Child Care Funding for States</b></p> <p><a href="#">H.R. 1319 Section 9801</a></p>	<p>This funding is generally subject to the rules and requirements under CCDBG and therefore, helps support a State’s CCDF program.</p>

Child Care Funding in the American Rescue Plan Act of 2021 - How New Funding Differs from CCDBG Funding			
Federal Funding Stream	CCDBG Funding for States <sup>12</sup> <a href="#">H.R. 1319 Section 2201(a) and (c)</a>	Child Care Stabilization Funding for States <a href="#">H.R. 1319 Section 2202</a>	Mandatory Child Care Funding for States <a href="#">H.R. 1319 Section 9801</a>
	<p>Certain CCDBG provisions, such as the quality set-aside, and related requirements for quality spending, do not apply to this funding.</p> <p>States may use these funds to provide child care assistance to essential workers even if they do not meet the CCDBG income eligibility requirements.</p>	<p>The universe of eligible providers is broader and explicitly includes providers who are not paid with publically-funded child care subsidies and who do not currently receive any Federal assistance.</p> <p>This funding is not subject to CCDBG administrative cost limits or quality set-aside requirements and policies.</p> <p>Subgrants must be based on a provider’s stated current operating expenses and, if practicable, cover sufficient expenses to ensure continuous operations for the grant period.</p> <p>Providers who receive subgrants cannot reduce employee compensation and must provide relief from copayments (called, “family fees” in California) and tuition to enrolled families, to the extent possible.</p>	<p>N/A. In general, mandatory child care funds are subject to CCDBG rules, with some exceptions.</p> <p>The funding provided in this bill waives the state match for fiscal years 2021-2022 and expands the funding to territories and tribes.</p>

### CCLC's Recommendations for Use and Distribution

The Child Care Stabilization Funds and one-time CCDBG Funds in the American Rescue Plan Act must be equitably and immediately distributed.

We can transform child care and build back better than ever by:

- 1) Giving immediate economic relief to families by waiving fees for all publicly-funded child care programs, regardless of Shelter in Place orders. Child care providers must still be paid the full subsidy amount and not absorb the cost of waiving family fees.
- 2) Building the supply of child care spaces with grants to home- and center-based programs and (private-pay and publicly-funded) to pay for staff, equipment and health and safety measures.
- 3) Helping more families and women return to work by increasing child care vouchers and center spaces for new families.
- 4) Making the funding applications inclusive and decisions transparent, by using, simple, and multilingual processes.
- 5) Increasing the number of child care providers and staff by raising the reimbursement rates across-the-board, including for family, friend, and neighbor providers.

Funding Distribution:

- Ensure all eligible providers receive a minimum level of financial resources.
- Provide additional resources for providers and communities most-in-need, such as: for providers and families who qualify for the free or reduced price meals and other nutrition assistance programs; or providers and families who live in high-poverty census tract areas.

**Child Care Stabilization Funding - Subgrant Application Requirements – Table 2**

**State Requirements<sup>13</sup>**

The Lead Agency must:

- 1) Make available a grant application for eligible child care providers on its website;
- 2) This application must include certain certifications for providers (see below);
- 3) Accept and process all applications on a rolling basis;
- 4) Must provide subgrant funds in advance of provider expenditures, unless the agency is reimbursing providers for qualifying costs they have already incurred; and
- 5) Notify the Secretary of HHS if it is unable to obligate at least 50% of the stabilization funds that are used for subgrants within 9 months of the Act’s enactment.

**Provider Requirements<sup>14</sup>**

When applying for a subgrant, the provider must include certifications that:

- 1) The provider is open and available to provide child care services or closed due to public health, financial hardship, or other reasons relating to the COVID-19 public health emergency on the date of the grant application submission;
- 2) The provider will implement policies following applicable local/state/tribal guidance and to the “greatest extent possible” implement CDC guidelines when the provider is open and able to provide services;
- 3) The provider will continue to pay employees their full compensation (with benefits) as of the date of application and not take action that reduces weekly compensation or reduces the rate of compensation, including involuntary furloughing at time of application; and
- 4) The provider will provide relief from family fees (copayments and/or tuition payments)<sup>15</sup> for enrolled families, to the extent possible, and will prioritize such relief for families who are struggling to pay these fees.

**Federal Child Care Funds Previously Provided to California – Table 3**

Federal Funding	Coronavirus Aid, Relief, and Economic Security Act (CARES) Pub. L. No. 116-136, 134 Stat. 281 (2020)	Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA) as contained in the Consolidated Appropriations Act (CAA) & Pub. L. No. 116-260, 134 Stat. 1182 (2020)
<b>Funds Awarded</b>	\$350,314,000	\$964,324,483
<b>How Funds Were (or Will Be) Spent</b>	<p>Costs incurred during FY 2019-2020 and FY 2020-2021 for COVID-19 pandemic-related relief and assistance to providers, families, and essential workers (additional federal and state funds were also used):</p> <ul style="list-style-type: none"> <li>A. Child care vouchers for essential workers (\$235M)</li> <li>B. Voucher reimbursement flexibility (paid on authorized hours, not attendance) (\$63M)</li> <li>C. Direct contracts reimbursement flexibility (based on enrollment, not attendance)</li> <li>D. Temporary waiver of family fees (all families April-August 2020; only non-attending families September 2020-June 2021)(\$62M)</li> <li>E. Cleaning supplies and PPE (\$50M)</li> <li>F. Paid non-operational days (voucher programs) (\$40M)</li> <li>G. Child care payments for school-age children (\$38M)</li> <li>H. Stipends to providers who are paid with vouchers (\$31M)</li> <li>I. Reimburse child care providers for waived family fees (\$30M) (but only for non-attending families)</li> <li>J. Extend and expand emergency child care vouchers (\$80M)</li> </ul>	<ul style="list-style-type: none"> <li>A. Extend child care vouchers for essential workers (\$76M)</li> <li>B. Expand child care vouchers to additional essential workers (\$80M)</li> <li>C. Authorization for up to 40 non-operating (due to Covid-19) days</li> <li>D. One-time payments to providers of \$525 per enrolled child whose family pays with a subsidy (\$244M)</li> <li>E. Administrative costs (\$2M)<sup>16</sup></li> </ul> <p>\$562 million still to be negotiated as part of the FY 2021-2022 State Budget.</p>
<b>Unfunded Needs</b>	<ul style="list-style-type: none"> <li>● Waiving family fees for <u>all</u> families</li> <li>● Relief for <u>all</u> child care providers (providers not paid with subsidies were excluded, except for receiving PPE equipment and limited small business relief)</li> <li>● One time \$525 stipend per child falls short of providing ongoing increased financial assistance to cover providers’ needs during the pandemic</li> </ul>	

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Endnotes

<sup>1</sup>This table does not include \$35 million set-aside for administrative expenses, technical assistance, and research that appear to be intended for Federal, not State, use. [H.R. 1319, § 2201\(b\)](#).

<sup>2</sup> California receives federal funds for child care through the Child Care and Development Block Grant (“CCDBG”) each year. This funding pays for child care for families earning 85% or less of the state median income and some other categorically-eligible families. These funds also pay for child care professional development and health and safety improvements. The Child Care and Development Fund (“CCDF”) is the funding source for CCDBG and is administered by the Administration for Children and Families’ (“ACF”) Office of Child Care. “States” means all 50 United States, the District of Columbia, as well as Territories and Tribes.

<sup>3</sup> While the American Rescue Plan Act (“Act”) was signed into law on March 11, 2021, and has an assigned public law number, the current version of the enrolled bill on the [website](#) retains the original bill citation. Last visited March 12, 2021.

<sup>4</sup> California typically receives 10% of Federal funds. We have used this approximation to estimate California’s share of the Federal mandatory funding, and used estimates from the Center for Law and Social Policy (CLASP) for California’s allocation of the discretionary funding. CLASP, Child Care Relief Funding in American Rescue Plan: State-by-State Estimates, <https://www.clasp.org/publications/fact-sheet/child-care-estimates-american-rescue-plan> (more information on CLASP’s methodology). Last visited March 12, 2021.

<sup>5</sup> Federal and state obligation and liquidation timeframes reflect language as written in the Act and underlying statutes, though further clarification and interpretation of these deadlines may be provided by the Federal Department of Health and Human Services (“HHS”) upon passage of the Act.

<sup>6</sup> “Obligation” under federal law is defined as “an action that commits the funds; for example, through issuance of a voucher or certificate to a family or through a contract or subgrant for purchase of services.” ACF, Fundamentals of CCDF Administration, <https://childcareta.acf.hhs.gov/ccdf-fundamentals/obligation-and-liquidation-requirements>; see [45 CFR § 98.60](#) (specific CCDF obligation requirements). Last visited March 12, 2021.

<sup>7</sup> “Expenditures mean charges made by a non-Federal entity to a project or program for which a Federal award was received.” [2 CFR § 200.34](#). “Expenditure” is also commonly referred to as “liquidation.”

<sup>8</sup> As defined in [45 CFR § 98.60-62](#). See ACF, *supra* note 6. (CCDF obligation and liquidation timeframes).

<sup>9</sup> See [H.R. 1319 § 9801](#).

<sup>10</sup> *Supra* note 2.

<sup>11</sup> “Providers” means “child care providers,” including family child care providers; family, friend and neighbor providers, and child care center providers. [H.R. 1319 § 2202\(a\)\(2\)](#).

<sup>12</sup> *Supra* note 2.

<sup>13</sup> [H.R. 1319 § 2202](#).

<sup>14</sup> [H.R. 1319 § 2202\(d\)\(2\)\(D\)\(i\)\(I\)-\(III\)](#).

<sup>15</sup> The federal CCDF program uses the term “copayments” to reflect what California deems “family fees.” [H.R. 1319, § 2202\(d\)\(2\)\(D\)\(i\)\(III\)](#). “Family fees are the share of cost of care. They are based on the family size, income, and whether they use part-time or full-time care. They are paid directly to the child care provider or administering child care agency.” [Cal. Educ. Code § 8273](#).

<sup>16</sup> Items A - E were allocated under [AB 82](#) (2021, Ting).