

American Rescue Plan Act (ARPA) of 2021

Overview of Specific Child Care Provisions

JFO DRAFT/ntl - 3/16/21

Federal guidance regarding how these funds can and cannot be spent is still forthcoming. Initial guidance may not be received for weeks and given the experience with previous stimulus packages further guidance may continue to roll-out for months. Guidance for previous COVID-19 stimulus dollars were clear that spending of funds must be pandemic-related expenses.

Child Care and Development Block Grant (CCDBG) Funding for States

Total funding = \$14.99 billion

Vermont allocation est. = \$18.4 million

- Background: The CCDBG provides block grants to states, according to a formula, to provide child care subsidies to low-income working families.
- Expected to at least maintain similar flexibilities as previous investments through the CARES Act.
- Allows states to use these funds to provide child care assistance to essential workers, regardless of their income (no income eligibility requirements).
- Available through 9/30/21. States have until 9/30/23 to obligate funds and liquidate by 9/30/24.
- Funds must supplement, not supplant, other federal, state, and local public funds.
- The ARPA also increases the annual funding for the Child Care Entitlement to States (CCES) and waives the state matching requirements for these additional funds for FYs 2021 and 2022.
 - Total funding = \$3.55 billion / *Vermont allotment = \$797,000*
 - Unlike the CCDGB which must be authorized by congress annually, the CCES is not subject to the annual appropriation process.
 - The CCDGB and CCES together are commonly known as the Child Care Development Fund (CCDF).

Child Care Stabilization Funding

Total Funding = \$23.975 billion

Vermont Allocation est. = \$29.4 million

- To assist child care providers struggling to survive or reopen under pandemic conditions.
- Stabilization grants can cover new, existing or on-going costs or reimbursements incurred since the beginning of the public health emergency. The grants:
 - must be based on and support the operating expenses of the provider
 - should – to the extent possible – cover those costs for the period of the grant, and
 - can include costs related to providing care or preparing to provide care
- Allowable uses of funds include:

- Personnel costs, including salaries, benefits, premium pay, or recruitment and retention
- Facility costs, including rent, mortgage payments, and other facilities related costs
- PPE, cleaning 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 the COVID-19 public health emergency
- Goods and services necessary to maintain or resume child care services
- Mental health supports for children and employees.
- States can use these funds to reimburse program for pandemic-related costs retroactively to the declaration of the public health emergency on 1/31/20.
- States have until 9/30/2022 to obligate these funds and must liquidate by 9/30/2023.
 - States must report to the HHS Administration for Children and Families (ACF) if they have not obligated at least 50% of the funds by December 2021 (9 months after the law's passage).
- Funds must supplement, not supplant, other federal, state, and local funds.
- Providers are eligible for subgrants whether or not they have been part of the state's child care subsidy system.
- Eligible programs include center- and home-based licensed, regulated and/or registered providers, and relative providers who meet state and federal requirements at the time of the ARPA's passage on 3/10/2021.
- States can award grants to providers who are open for business or who have closed for health or financial reasons related to the public health emergency.
- States can use up to 10% of their allocated stabilization grant funds for administrative activities that include:
 - Publicizing and conducting outreach to ensure all eligible providers know how to apply for the stabilization grants
 - Conducting activities to build the supply of providers, and
 - Providing technical assistance to providers about applying for the grants.

Other Children and Family Related Provisions:

- Head start – Est. Vermont allocation = \$1.7 million
- Child Tax Credit - increases from \$2,000 to \$3,000 for every child age 6 to 17 and \$3,600 for every child under age 6.
- Child and Dependent Tax Credit – to be used by working parents to offset expenses or work-related child care.
 - Fully refundable for 2021.
 - Dollar limited is increased from \$3,000 to \$8,000 for one qualifying child/dependent and from \$6,000 to \$16,000 for two qualifying children/dependents.
 - Working parents will be able to offset as much as 50% of the work-related child care expenses (up from 35% previously).