

## *COVID-19 and State Child Care Assistance Programs: Immediate Considerations for State CCDF lead Agencies*

The bipartisan **Coronavirus Aid, Relief, and Economic Security (CARES) Act**, which was passed by Congress and enacted on March 27, 2020, includes resources specifically targeted to individuals and families with low incomes affected by the public health and economic crises. The package includes a number of provisions of particular importance to children and families and those who work with them, including policymakers and other stakeholders in child care and early education systems.

States should immediately leverage the provisions in the bill to stabilize child care providers, establish emergency child care for children of essential workers, and provide supports for families and child care providers. These efforts are especially critical for providers—who are often low income themselves, and **disproportionately women of color**—and for families of color who may be more likely to be facing financial instability due to **employment and wage inequities**. This fact sheet describes key provisions, considerations, and action steps for how state child care agencies can make the most of resources provided through the Act.

### **Child Care and Development Block Grant (CCDBG)**

The CARES Act includes \$3.5 billion in new CCDBG **discretionary funds** that the Administration for Children and Families' (ACF) Office of Child Care (OCC) will distribute according to the typical state formula with some minor adjustments to better target the funds. While states have many options for the flexible use of regular CCDBG dollars under current law and emergency guidance, in some cases those uses may require approved waivers from OCC, and/or state plan amendments. The **CCDBG funds included in the CARES Act** do not require matching funds from states, do not fall under spending requirements for quality or direct service, and can be used in a variety of ways without waivers.

According to the Act, the funds can be used to:

- provide continued payments and assistance to child care providers in the case of decreased enrollment or closures related to coronavirus, and to assure providers are able to remain open or reopen as appropriate;
- provide child care assistance, without regard to income, to health care sector employees, emergency responders, sanitation workers, and other workers deemed essential during the response to the coronavirus; and
- provide funding to child care providers who were not participating in subsidy prior to the public health emergency for the purposes of cleaning and sanitation and other activities necessary to maintain or resume the operation of programs.

States can use the funds, which will be distributed in a lump sum, for allowable expenses related to COVID-19 prior to March 27, 2020, and should be drawn down to meet need. While states have until September 2022 to

obligate the funds, they should act quickly to ensure funds reach eligible families and programs already unstable and in crisis due to the pandemic.

OCC has indicated that states will be able to use this funding to support programs and providers that are eligible to receive CCDF funds (i.e., they have completed basic health and safety requirements or are eligible relative providers), regardless of whether they have participated in state subsidy programs. Further, states can use the funds to provide assistance to essential workers regardless of income. OCC has posted a series of **frequently asked questions** to help states understand the allowable use of both regular and CARES Act CCDBG dollars.

### ***State Policy Considerations***

State agencies overseeing child care can work now to ensure they have the policies in place to expedite the distribution of this very flexible CCDBG funding to those who need it. Based on regular CCDBG law, federal **guidance** on flexibility during the COVID-19 pandemic, and provisions of the CARES Act states can:

- Ensure that the definition of essential workers in state emergency plans embraces the full range of the sectors in which parents can continue to work, including individuals employed in child care and early education programs that remain open or have been opened to serve other essential sectors. This will facilitate identifying families newly eligible for services paid for with CCDBG funds available through the CARES Act, including child care workers.
- Adjust payment policies so they are based on enrollment of children rather than actual attendance—as allowed under Section 98.45(I)(2) of the final CCDBG rule—and pay providers in the subsidy system for periods when they are closed for reasons related to COVID-19. This will allow sick children and parents to stay home without disrupting revenue for providers who already experience precarious operating budgets. It may also help prevent some programs from closing permanently. OCC has clarified that if a child with a subsidy loses care due to a program’s closure and the state is continuing to pay that provider based on enrollment, CARES CCDBG dollars can be used to pay for care for that child at an alternative eligible provider.
- Waive any state policies that terminate child eligibility based on a specific number of absent days within the state’s 12-month eligibility policy.
- Temporarily suspend redetermination of family eligibility for child care services, and work with partner agencies to do the same for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Supplemental Nutrition Assistance Program (SNAP), Medicaid, and Temporary Assistance for Needy Families (TANF). This suspension will ensure that temporary changes in family workforce participation, earnings, or other factors due to COVID-19 do not impact family eligibility or the continuation of revenue to providers being paid based on enrollment.
- Identify mechanisms to help providers not currently in the subsidy system access CCDBG funds, state funds, private funds, and other resources described below to cover the costs of maintaining their operations safely during this time. These costs include necessary sanitation equipment, supplies and services; substitute caregivers; paid leave for affected staff; copayments for coronavirus tests; or grants to cover operational costs while closed. Identifying these programs and their needs can expedite the use of CARES funds to support providers not currently in the CCDBG system but available to provide care for essential workers, as well as those that need support to remain in business with reduced enrollment and smaller group sizes that may be required.

## Other provisions

Beyond additional discretionary CCDBG funding, the CARES Act includes other supports for families, children, and child care providers. CCDBG administrators should work with other state government agencies and partner with community-based organizations to ensure all eligible people and programs have the information they need to benefit from these provisions, including accessible materials in appropriate languages that are targeted to families' and providers' needs.

### *Head Start*

The CARES Act includes \$750 million to support ongoing operations of Head Start programs as they accommodate their work to meet community needs. This funding will support programs that remain open to meet public health necessities, which can include mental health and other services for families, food that isn't paid for through federal food programs, and other expenses related to the pandemic. Additional guidance about Head Start funds in the CARES Act is expected from the ACF Office of Head Start. Read more [here](#).

### *Unemployment Compensation*

The U.S. Department of Labor (DOL) [issued guidelines](#) on March 12 encouraging states to expand their unemployment insurance (UI) eligibility provisions to cover people who are unable to work or who have left their jobs due to certain coronavirus-related issues. The Families First Coronavirus Response Act (FFCRA), an earlier coronavirus stimulus bill, provided an additional **\$1 billion in funding** to help states expand access to their UI programs. The CARES Act further expands support for people who have lost their jobs or cannot work through no fault of their own by creating three federally funded unemployment compensation programs:

- **Pandemic Unemployment Assistance (PUA)** provides up to 39 weeks of unemployment compensation for those who typically do not qualify for state UI, including people who are self-employed or people seeking part-time work.
- **Pandemic Unemployment Compensation (PUC)** provides an additional \$600 per week on top of regular benefits to workers receiving state UI benefits (including those receiving partial benefits) or PUA, starting on the date the state signed an agreement with DOL through July 31, 2020.<sup>1</sup>
- **Pandemic Emergency Unemployment Compensation (PEUC)** provides workers receiving state UI benefits an additional 13 weeks of compensation in addition to the maximum number of weeks available through their state programs (26 weeks in most states).<sup>2</sup>

At present, every state has "opted in" to providing these federally funded benefit programs by signing an agreement with DOL, but it will take time for states to get the new benefits up and running. Find out more [here](#).

### *Small Business Loans and Supports*

The CARES Act dedicates significant resources to the Small Business Administration (SBA) to help small businesses, nonprofit organizations, and self-employed individuals stay afloat and incentivize them to retain their workers. The small business loans available to the child care and early education field include emergency cash advances through the SBA's Emergency Economic Injury Disaster Loan (EIDL) program. EIDL applications are currently being

<sup>1</sup> Note that PUC benefits will **not** count as income when determining eligibility for Medicaid or CHIP.

<sup>2</sup> Workers must be actively searching for work to receive these benefits, but the provision includes flexibility to waive job search requirements for people who are unable to do so because of COVID-19.

accepted at <https://covid19relief.sba.gov/>. The CARES Act also establishes a new loan called the Paycheck Protection Program (PPP), which provides eligible small businesses, nonprofit organizations, and self-employed individuals with a loan of up to roughly 2.5 times an average months' worth of total payments for payroll costs, not to exceed \$10 million. PPP loans can be forgiven entirely if employers maintain their staff and wages and spend most of the loan funds on payroll costs. Child care providers can now apply for PPP loans at participating banks and credit unions. For more details, read [here](#).

### ***Paid Sick Days and Family and Medical Leave***

Through provisions in FFCRA—with additional changes made through the CARES Act—some employees are now eligible for up to roughly 10 paid sick days and up to 10 weeks of paid family and medical leave. These provisions generally apply to employees working for private employers with 500 or fewer employees and certain public employers. These provisions are only available to employers and employees until December 31, 2020. For more details, read [here](#).

### ***Nutrition Assistance***

FFCRA also included provisions to help families keep food on the table during the coronavirus pandemic. One provision offers additional state flexibility in the Supplemental Nutrition Assistance Program (SNAP) to request emergency benefit increases for current recipients and to request changes in how SNAP is administered to manage increased demand for benefits. The CARES Act provides \$15.5 billion in additional SNAP funding to cover the current caseload—including benefit increases available through FFCRA—and anticipated increases in caseloads due to the pandemic. Read more [here](#).

## **Conclusion**

As states plan for the use of CCDBG dollars and other supports in the CARES Act, providers are scrambling to serve children of essential workers, remain viable through closures, and support their staff and families. By understanding the resources provided through the law and taking immediate steps, state child care leaders can ensure that the assistance included in the CARES Act and FFCRA reaches the child care field as quickly as possible and helps stabilize access to child care for families who need it now and in the future.