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FEDERAL CHILD CARE RELIEF FUNDS: INCREASED ACCESS AND SUPPORTED PROVIDERS

KEY TAKEAWAYS FROM FOUR STATES

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EXECUTIVE SUMMARY

The COVID-19 pandemic brought the child care crisis into the national spotlight, but families, providers, and children have long experienced challenges due to the lack of comprehensive child care and early education systems. To date, the $50 billion in pandemic relief funding Congress has delivered to support children, families, and early educators has made a substantial impact on the state of child care in our country.

States have used the federal child care relief dollars to expand child care assistance eligibility, waive parent/caregiver copayments, increase provider wages, eliminate child care deserts, and much more. To highlight the impact of the federal child care relief dollars, child care leaders in Louisiana, Michigan, New York, and Virginia took part in interviews with the Center for Law and Social Policy (CLASP) to document how they used this substantial new funding to improve their child care systems. States' innovative implementations of pandemic relief dollars demonstrate just how impactful increased child care funding can be.

CLASP has developed **individual profiles** highlighting the work in each state.[1]

This brief addresses the themes that came up across interviews in all four states related to both the impact of the relief funding and the strategies used for a successful implementation process. Key themes of the impact of relief funds include:

- **Strengthened Relationships:** New funding required more coordination and created an opportunity to build new and strengthen existing relationships, which contributed to success in the implementation of new programs to support children, families, and providers.
- **Workforce Investments:** Using relief funds, including the stabilization grants to support the current workforce, was essential for keeping providers open and investing in new programs—such as start-up grants and entrepreneurial training—to encourage the establishment of more child care businesses to contribute toward building a more stable future.
- **Improved Systems:** Relief funds enabled states to start making policy changes to better support families and providers participating in child care assistance including, but not limited

to, expanding eligibility, waiving co-pays, increasing payment rates, and paying on enrollment instead of attendance.

- **Innovations:** Pandemic relief funding provided the first real opportunity many states have had in decades to explore new policies and processes or substantially improve the existing ones. These new policies and processes represented much-needed changes to support the workforce and expand subsidy access for families.

The states' processes and strategies proved to be as important as the outcomes. In many cases, thoughtful planning and approaches have led to the states' successes. Key themes of implementation strategies include:

- **Aligned Leaders:** Coordination among early childhood leaders and alignment in their goals contributed to their success in supporting families and providers.
- **Building Partnerships to Support Capacity:** Identifying partners that had strong networks in the field to support communication, distribution of funding, and provision of additional services allowed state child care agencies to quickly and efficiently support children and families.
- **Directly Confronting Challenges:** By learning from the initial challenges of distributing the first round of relief funding and directly addressing the challenges that came up, state child care agencies were able to improve their systems for the subsequent relief funds and for the future.

Providers, state child care agency leaders, and advocates in the four states all emphasized during our interviews that families and providers are not prepared to shift back to a system without these resources. Worse, some providers and families are not even aware that the expiration is around the corner. The child care field was headed toward total collapse and initial relief funding helped keep doors open, mitigate a further crisis, and provided families and providers with much-needed support. However, sustained investments are essential as relief dollars are set to expire in September of 2023 and 2024.

INTRODUCTION

The COVID-19 pandemic brought the child care crisis into the national spotlight, but families, providers, and children have long experienced challenges due to the lack of comprehensive child care and early education systems. The pandemic impacts, paired with the long-standing systemic challenges the sector has experienced for decades, left the child care field at the brink of collapse. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan Act (ARPA) helped keep doors open, mitigated a further crisis, and provided families and providers with much-needed support. Despite these temporary gains, sustained investments are essential because these relief dollars will expire in September of 2023 and 2024.

States have used the federal child care relief dollars to expand child care assistance eligibility, waive parent or caregiver copayments, increase provider wages, eliminate child care deserts, and much more. Across interviews with four states (Louisiana, Michigan, New York, and Virginia), providers, state child care agency leaders, and others emphasized that families and providers are not prepared to shift back to a system without these resources. Worse still, some providers and families are not aware that the expiration is around the corner.

ACROSS INTERVIEWS WITH FOUR STATES, PROVIDERS, STATE CHILD CARE AGENCY LEADERS, AND OTHERS EMPHASIZED THAT FAMILIES AND PROVIDERS ARE NOT PREPARED TO SHIFT BACK TO A SYSTEM WITHOUT THESE RESOURCES. WORSE STILL, SOME PROVIDERS AND FAMILIES ARE NOT AWARE THAT THE EXPIRATION IS AROUND THE CORNER.

The expiration of the relief funds will throw the field into chaos without additional, significant investment. For example, after the expiration date, states may not be able to continue funding the eligibility expansions for child care assistance. This will leave even more families scrambling to find care. Providers that have depended on grants to keep their doors open and their staff paid will be forced to make hard choices once they are no longer receiving supplemental resources, which could result in families losing their care providers and providers without jobs. Child care is the backbone of this nation's economy, and we cannot afford to let this become the reality.

To highlight the impact of the federal child care relief dollars, CLASP interviewed child care leaders in Louisiana, Michigan, New York, and Virginia to document the progress they made in improving their child care systems thanks to adequate funding from COVID relief efforts. States' innovative implementations of these relief dollars demonstrate just how impactful increased child care funding can be. The child care sector urgently needs more resources to transform the child care profession into a more equitable, well-paying career; ensure access to care that meets all children's needs; and enable parents and caregivers to take care of their responsibilities knowing their children are in safe, stable, and affordable care settings.

METHODOLOGY

This report and its accompanying state profiles were informed by interviews with state government staff, advocates, and providers from the four states. We selected these states based on their notable use of emergency funding and our intention to gather feedback from states with varying populations, budgets,

and geographic locations. We used a consistent set of questions as a guide for the interviews but allowed all interviewees to share whatever they felt most relevant about their experience with COVID-19 child care relief funding. We conducted the interviews from February 2023 to April 2023[2] with child care administrators, state-level child care advocates, and providers directly impacted by the implementation of the resources. With the exception of the small group of parents we interviewed in Louisiana, we did not include parents in interviews across the other three states. We made this decision because of challenges in connecting directly to parents who knew they were impacted by the relief resources, as well as our time and capacity. Ultimately, we interviewed 10 state government staff, 9 advocates, and 5 providers across the four states as well as 5 parents in Louisiana (one of which was also a provider).

RACIAL EQUITY IN STATES' RAPID RESPONSE TO THE COVID-19 CRISIS

Present day challenges in the child care system are not new. They have deep roots in racism, resulting in policies and practices that often exclude or marginalize people of color. For example, when the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) ended the Aid to Families with Dependent Children (AFDC) program and created the Child Care and Development Fund, work requirements were expanded to filter out those seen as "undeserving," but functioned to reduce spending on a program (AFDC) that had primarily served Black children.[3] Such bias has direct impacts on families' access to child care and early education. These policies and practices have significant intended and unintended negative consequences for families' economic, physical, social, and mental well-being. And these impacts are particularly harmful for Black families, as many policies in this country have been designed to exclude them from participating or make it incredibly difficult to do so.[4]

At the onset of the pandemic, state administrators had to respond rapidly to prevent an already-fragile child care system from collapsing. This meant state child care agencies had to make quick decisions to get care and relief where it was needed once the resources became available. The relief investments were invaluable, helping to keep providers in the workforce, expanding access to care for thousands of children, and developing innovative programs to meet various state needs. However, this rushed timeline for rolling out funding meant that states did not always have the capacity to address underlying systemic issues in supporting child care amidst pandemic disruption.

Issues of racial equity persisted in the allocation of relief funding. Interviewees in some states shared that home-based providers, who are more likely to be women of color, were receiving disproportionately less relief funding than center-based providers who are typically better resourced and better connected to the state. Though states worked hard to center community voices in determining their spending plans, it was still challenging to get input that was representative of all the providers and families.

These efforts reflect ongoing challenges in bridging the gap between government leaders and directly impacted groups, especially families and providers of color.

With continued federal investment, state child care agencies will have the opportunity to build on the emergency funding success and develop a more sustainable, effective, and equitable child care system that leaves no family or provider voice out.

QUICK FACTS: FEDERAL CHILD CARE RELIEF FUNDING

To date, Congress has delivered more than $50 billion to support children, families, and early educators across the country through child care relief resources. In total, this relief came from the following authorizations.

Date Signed into Law	Authorizing Legislation	Total Amount	Obligation & Liquidation Deadlines
March 2020	Coronavirus Aid, Relief, and Economic Security Act (CARES) Act[5]	$3.5 billion in supplemental CCDBG discretionary funding	**Obligation:** September 30, 2022 **Liquidation:** September 30, 2023
December 2020	Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)[6]	$10 billion in supplemental CCDBG discretionary funding	**Obligation:** September 30, 2022 **Liquidation:** September 30, 2023
March 2021	American Rescue Plan Act (ARPA)[7]	Nearly $24 billion for the Child Care Stabilization Program Almost $15 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funds A permanent increase ($633 million) in annual mandatory Child Care Entitlement to States funding to $3.55 billion	**Stabilization funds:** **Obligation:** September 30, 2022 **Liquidation:** September 30, 2023 **Supplemental funds:** **Obligation:** September 30, 2023 **Liquidation:** September 20, 2024

Source: H.R. 748 of January 3, 2020, Coronavirus Aid, Relief, and Economic Security Act; H.R. 133 of December 27, 2020, Consolidated Appropriations Act, 2021; and H.R. 1319 of March 11, 2021, American Rescue Plan Act of 2021.

KEY THEMES: IMPACT OF FEDERAL RELIEF FUNDS

The actions states took with their federal child care relief funds looked different, but they were largely guided by the need to stabilize the child care workforce, ease the burden of high costs and lack of access for families, and improve policies in their subsidy programs. With these goals in mind, states were able to make long-overdue improvements that were historically unfeasible due to underinvestment and oversight by policymakers. The themes of these impacts include strengthened relationships, workforce investments, improved systems, and innovations.

STRENGTHENED RELATIONSHIPS ACROSS THE EARLY CHILDHOOD COMMUNITY

In all four states, building and strengthening relationships across the child care and early education field was a crucial part of their COVID-19 relief funds planning and implementation processes. These relationships spanned a broad range of partners including state agency staff, government staff, advocates, providers, small business groups, and even universities. To ensure that the relief funds were being utilized in the most efficient and relevant manner for the field, the four states knew they could not make decisions in a vacuum. By engaging with diverse perspectives and experiences, especially those of child care providers, the states ensured that those closest to the crisis got the resources they needed to weather the pandemic and continue serving children and families. While the process of receiving the relief funds was overwhelming and unprecedented, these states still took the time to build new and strengthen existing relationships that underpin their success in distributing funds to providers and implementing new programs to support children, families, and providers.

WHILE THE PROCESS OF RECEIVING THE RELIEF FUNDS WAS OVERWHELMING AND UNPRECEDENTED, THESE STATES STILL TOOK THE TIME TO BUILD NEW AND STRENGTHEN EXISTING RELATIONSHIPS THAT UNDERPIN THEIR SUCCESS IN DISTRIBUTING FUNDS TO PROVIDERS AND IMPLEMENTING NEW PROGRAMS TO SUPPORT CHILDREN, FAMILIES, AND PROVIDERS.

- **In Michigan**, the planning and implementation of the relief funds was guided by a community of practice facilitated by the Policy Equity Group. This community of practice included child care resource and referral directors, providers, and early childhood leaders from different parts of the state. The team at the state child care agency was able to work closely with this group and make adjustments to its operations as needed to improve the systems of support.
- **In Louisiana**, a coalition of parents, providers, and advocates, developed the Geaux Far Louisiana Initiative and worked with several Louisiana state agencies to engage over 1,000 parents in listening sessions to create a strategic plan for early childhood.[8]

INVESTMENTS IN THE CHILD CARE WORKFORCE

Intentional investments for the stabilization of the child care workforce were an early priority in all four states. This workforce has long been underfunded and undervalued, which has led to poverty-level wages, inadequate to no benefits offerings, and other inequities. Subsequently, the sector has long been in a staffing crisis due to high turnover rates and the inability to adequately recruit for these jobs. These

conditions have created a fragile system. Because of this, the states knew that the first step in supporting the field was to ensure that providers were able to keep their programs running. While the ARPA allocated dollars through stabilization grants going straight to providers, all four states interviewed had already been utilizing the previous funds to give grants to providers. These actions were vital in preventing the total collapse of the child care system by trying to preserve programs and the livelihood of the staff and ensuring that families, especially essential workers, had access to the care they needed. Once states had given funding to the current workforce, some implemented new programs, such as start-up grants and entrepreneurial training, to encourage the establishment of more child care businesses.

- **In Michigan**, the state used the federal child care relief funds to implement an array of programs to expand the availability of care and better support the workforce. One was *Caring for MI Future* which invested $100 million with the goal of opening 1,000 new child care programs by the end of 2024.[9] At the time we conducted the interview with the Department of Child Development and Care, the state had 655 new providers. Another program is *Our Strong Start*, which connects prospective child care business owners with entrepreneurial support, grant connections, and licensing help, among other services through a team of navigators.
- **In Virginia,** the Department of Education conducted a cost model study to determine the true cost of care rather than payments based on a market rate survey. On October 1, 2022, the state then set payment rates to providers accepting subsidies to 75 percent of estimated "true costs" for centers, and approximately 80 percent for family day homes.[10,11] Payment rates for family day homes will increase to 100 percent of true costs in August 2023.[12]

IMPACT OF FEDERAL CHILD CARE STABILIZATION FUNDING

State	Amount of stabilization funding	Number of child care programs reached	Approximate number of children impacted
Louisiana	$475.7 million	2,105	150,200
Michigan	$700.7 million	6,465	290,500
New York	$1.1 billion	15,465	676,100
Virginia	$488.6 million	4,975	317,500

Source: Administration for Children and Families, ARP Child Care Stabilization Funding State and Territory Fact Sheets, December 2022.

IMPROVED SYSTEMS FOR FAMILIES

All four states made positive policy changes to their subsidy programs such as waiving co-pays, increasing payment rates, and paying on enrollment instead of attendance. Additionally, some of the states made overdue improvements to their administrative systems to streamline the handling and disbursement of the COVID-19 relief funds. As mentioned previously, federal and state policymakers have chronically underinvested in child care. Therefore, states have had to make tradeoffs in how they use their CCDF dollars—along with other funding sources like TANF, general education funding, and other state revenue—to run their subsidy programs. The investments the states received through the COVID-19 relief

funds enabled them to begin addressing critical areas of their systems, especially aspects that the pandemic and the subsequent funding implementation revealed, such as a lack of data in the subsidy programs.

- **In Virginia**, the state child care agency targeted its efforts on expanding the current child care subsidy program.[13] Through this, the state extended income eligibility to 85 percent of state median income (SMI) for families with at least one child age 5 or younger who's not yet in kindergarten and waived co-payments for all families for 19 months.[14] Ultimately, the state increased the number of children being served by subsidies from 14,000 in July 2021 to 40,000 presently.
- **In New York**, in addition to making changes to its subsidy program, the state child care agency put a lot of effort into improving the administrative systems behind the program. After decades of underfunding, the state's systems needed to meet the demands of the field, including managing and disbursing historic sums of child care funding. Some of these improvements included creating an online application for stabilization grants and increasing data collection on who accesses the subsidy program.

BECAUSE THE CHILD CARE FIELD HAS HISTORICALLY FACED A LACK OF INVESTMENT, MANY STATES HAVE NOT HAD A REAL OPPORTUNITY TO EXPLORE THE NEW POLICIES AND PROCESSES NEEDED TO SUPPORT THE WORKFORCE AND EXPAND SUBSIDY ACCESS FOR FAMILIES, BUT THE RELIEF FUNDS CHANGED THAT.

OTHER POLICY IMPROVEMENTS AND INNOVATIONS

In all four states, the COVID-19 relief dollars funded new and unique innovations. Because the child care field has historically faced a lack of investment, many states have not had a real opportunity to explore the new policies and processes needed to support the workforce and expand subsidy access for families, but the relief funds changed that. With these historic investments, states had the chance to both explore and implement new policies and programs. The four states interviewed reported strategic efforts to support the existing child care workforce and create opportunities to attract new child care business owners. They cited policies and programs aimed at easing the burden of cost and finding care for families. Additionally, they told us about programs to increase the child care supply, especially in child care deserts, and increase the availability of infant and toddler care, non-traditional hour care, and care for children with special needs. And, based on the data available so far, these innovations have had a positive impact on the retention and recruitment of child care providers, as well as the number of children being served through subsidies and more slots becoming available.

- **In New York,** the state child care agency created the Invest in New York: Child Care Deserts grant. The purpose of these grants is to support new child care providers to start programs and expand the capacity within existing programs in child care deserts.[15] So far, these grants have led to 283 new programs and created 7,000-8,000 new slots. The state also incentivized providers to offer or expand infant and toddler slots, care during non-traditional hours, and care for children with special needs. Additionally, approximately $12 million went to the Retroactive Absences Grant program, which provided payments for absences to providers who served children receiving child care assistance between April 1, 2020, and December 1, 2021.[16] This program was unique because it was the only grant program for which all legally

exempt child care providers were eligible to apply.

- **In Louisiana**, in addition to positive policy improvements to increase provider pay and expand child care assistance eligibility, the state child care agency developed different relationships with universities across the state. Some of their partnerships included work with the University of Louisiana at Lafayette to conduct a two-year teacher compensation pilot and study and with Tulane University to offer additional mental health supports to child care businesses and families. The United Way of Southeast Louisiana partnered with the Loyola University New Orleans College of Law to support providers with business and legal questions supported by the United Way of Southeast Louisiana in their catchment area.

KEY THEMES: IMPLEMENTATION PROCESS

The process for implementing federal child care relief funds varied across the country. State laws determined the role of the governor, state legislature, and state child care agency in the implementation process. In states that required the legislature to approve a plan for how the funds would be used, the timing of when the federal government distributed the relief funds was significant. Many states' legislative sessions were ending, and some states only convene their legislatures every other year. Had the funding been released just slightly later, states would have had to convene special sessions or wait another year for the funding allocations to be approved by the legislature during the budget process. While state policies that dictated different components of the implementation process varied greatly, there were also process-related themes that can be traced across the four states with different policies. These themes include working to align decision-makers, partnering to build capacity, and pursuing continuous improvement.

ALIGNED LEADERS

When the federal child care relief funds made it to states, a significant number of leaders were often engaged in the implementation process. Administrators, advocates, and providers all noted that coordination among these leaders and alignment in their goals contributed to their success in supporting families and providers.

- **In Michigan,** the state child care agency and local advocates collaborated with the governor's office and the state legislature to allocate funding for the Infant and Early Childhood Mental Health Consultation Program to support young children and providers with mental health needs throughout the pandemic. This was significant as it was a bipartisan effort and the communication between the government agencies, legislators, and advocates contributed to a quick response to a community need, ultimately expanding the program to serve more counties.
- **In New York,** the state learned from its experience in implementing the initial CARES Act resources. The process for implementing subsequent relief funds included consultation with the state child care agency as well as state advocates and providers. Through problem-solving meetings and shared leadership, the state legislature increased flexibility and the state child care agency was immediately responsive to provider needs.

BUILDING PARTNERSHIPS TO SUPPORT CAPACITY

The implementation of federal child care relief funds was a significant undertaking across the country. It was the first time federal policymakers provided direct relief to the child care industry during an economic crisis. This also meant it was the first time state child care agencies had the opportunity to build systems to support the implementation of relief funding. Since state child care agencies were acting quickly to support families and providers—and agencies typically did not have prior protocols in place for this opportunity—they had to build capacity, and in some cases new systems, to support the implementation of the funding. States used different approaches for building capacity, but the states we studied for this project had similar processes and goals. The four state child care agencies had a common goal of getting relief funds to providers quickly and efficiently to help keep their doors open, so children, especially those from families in which the parents or caregivers were essential workers, could access care. The state child care agencies often identified partners that already had strong networks in the field to support communication, distribution of funding, and provision of additional services.

- **In Virginia**, the state child care agency was able to leverage its relationship with the Virginia Early Childhood Foundation to support the implementation process. The foundation served as a third-party vendor to issue the checks and relevant tax forms for child care program recipients. The foundation also convened a return-to-work task force and organized business leaders to consider how they could support the child care crisis.
- **In New York**, the state child care agency worked to improve on challenges it faced in distributing the funding from the CARES Act by hiring a vendor to build an online application system and to support communication with and engagement of providers and families. Child care providers helped inform the process of developing the portal, including testing its functionality and language translation features. They also provided feedback on the training sessions that were offered on the website to support provider access.

SINCE STATE CHILD CARE AGENCIES WERE ACTING QUICKLY TO SUPPORT FAMILIES AND PROVIDERS—AND AGENCIES TYPICALLY DID NOT HAVE PRIOR PROTOCOLS IN PLACE FOR THIS OPPORTUNITY—THEY HAD TO BUILD CAPACITY, AND IN SOME CASES NEW SYSTEMS, TO SUPPORT THE IMPLEMENTATION OF THE FUNDING.

DIRECTLY CONFRONTING CHALLENGES

The CARES Act was the first economic relief package that included child care. Following its passage, state child care agencies worked quickly to identify the process for implementing this temporary funding. Leaders across states shared that they faced a significant learning curve but that the obstacles they overcame allowed them to improve their systems for the subsequent relief funding offered by CRRSAA and ARPA. While the rounds of relief funding had different federal requirements, a field that has historically had to operate with a dearth of funding moved quickly to develop a process to support families and providers. Each state had to grapple with distinct challenges, some related to the pandemic and funding rollout, and some not. However, they were able to apply the lessons they learned to improve the implementation of additional relief funds.

- **In Louisiana,** as the pandemic persisted, the state faced several severe storms, including Hurricane Ida. These storms created extra challenges for providers and families and made the

limited pandemic relief seem insignificant. However, the state child care agency was able to work with other state agencies to braid together pandemic relief and hurricane relief funding to provide additional mental health supports to providers and families in the state.

- **In Virginia,** the state child care agency had developed grants to help child care providers stay open. However, the grants were based on licensed capacity, which significantly disadvantaged home-based providers compared to center-based providers. After the president of the Virginia Alliance of Family Child Care Associations raised this concern, the state child care agency adjusted its grant distribution process to be more equitable for different types of providers.

WITHOUT SUSTAINED FUNDING AT THE LEVELS PROVIDED BY FEDERAL COVID RELIEF, LOUISIANA, MICHIGAN, NEW YORK, AND VIRGINIA HAVE MUCH AT STAKE TO PRESERVE THEIR PROGRESS IN STRENGTHENING RELATIONSHIPS, WORKFORCE INVESTMENTS, IMPROVED SYSTEMS, AND POLICY IMPROVEMENTS AND INNOVATIONS.

A LOT TO LOSE WITHOUT ADDITIONAL RESOURCES

The impact of the child care relief funds and the implementation processes that shaped them have had a broad range of positive effects on providers and families. But, as the expiration of the relief funds nears, some of these changes are at risk of soon being overturned. Without sustained funding at the levels provided by federal COVID relief, Louisiana, Michigan, New York, and Virginia have much at stake to preserve their progress in strengthening relationships, workforce investments, improved systems, and policy improvements and innovations.

STRENGTHENED RELATIONSHIPS ACROSS THE EARLY CHILDHOOD COMMUNITY

While all the states had existing relationships that helped shape their processes around the COVID-19 relief funding, these funds were a catalyst in the states creating new relationships that may not have happened otherwise. With diverse groups of partners, the states were able to hear the recommendations, lived experiences, and reactions to policy and program ideas, especially those of providers who were most impacted. But, without these dollars continuing to flow in, these partnerships may connect less frequently because there are fewer incentives to coordinate work without funding to bring their ideas to life. This is not to say that these partnerships will dissolve due to a lack of, or solely driven by, funding. However, without financial backing, they will have less capacity to continue their existing work and embark on new projects. With sustained investments in the child care system, states can empower and enable impactful relationships like those demonstrated across these four states to continue their work and know it can become reality.

INVESTMENTS IN THE CHILD CARE WORKFORCE

Without continued investments in child care, the efforts of states to stabilize and expand the workforce will come to an end as relief funding runs out, threatening recruitment and retention efforts. States are working diligently to come up with solutions utilizing limited states resources, but it won't solve the challenge. And, if the staffing crisis continues to worsen, those who rely on child care to work, attend school, etc., will be faced with greater economic insecurity as the supply of care dwindles. Alternatively, transforming the child care system into an industry with a well-paid and highly valued workforce will allow children and their

families to reap the benefits of stable, accessible care. But, without continued investments, this transformation will remain a sight unseen for all.

IMPROVED SYSTEMS FOR FAMILIES

As the relief funds reach their expiration dates, states will be unable to maintain some, if not all, of these improvements that have greatly benefitted providers, children, and families. These improvements include waived co-payments for families, increased payment rates for providers, expanded income eligibility for families, incentivizing care for infants and toddlers, non-traditional hour care, and more. And, as states struggle to maintain the improvements, they will have limited opportunity to advance further. Even before the pandemic, state child care systems were already fragile and long overdue for investments to expand and improve their programs. With greater investments at the federal level, states will be able to continue improving their processes, thus building a more equitable and efficient system.

OTHER POLICY IMPROVEMENTS AND INNOVATIONS

The positive changes to the four states' child care systems demonstrate why innovation and expansions like them are critical in the long-overdue transformation of the child care industry across the country. But without continued investments at the federal level, most states will not be able to explore new initiatives or maintain the pandemic changes to their systems. This will lead to losing child care slots, stopping retention and recruitment efforts, and decreasing the affordability of care for families. Louisiana administrators shared that they expected the state could lose up to 16,000 child care assistance slots. Even before the pandemic, the child care system was on the brink of collapse and not working for those who rely on it. Now, after weathering the impacts of the pandemic, the system may be at risk of collapsing altogether. However, with large-scale, sustained investments, states will be better equipped than ever before to prevent this collapse and create a more equitable system. States have proved it is possible, but now they just need long-term investments to truly make it happen.

CONCLUSION

As is evidenced in this report, the child care relief resources were a tremendous benefit for children, families, providers, and the child care sector. These investments can be credited with keeping the sector from experiencing a total collapse. And, while we should celebrate and uplift the great successes, it is hard not to focus on the forthcoming deadlines that, without action and significant investment, will set us back tremendously. In September 2023, states will face the first deadline for liquidating their federal child care relief funds. Many state child care agencies liquidated these funds far before this deadline through their immense efforts to support the child care field. This included addressing the child care workforce shortage; sustaining and growing the number of providers in their state; and improving the payment rates for child care assistance programs to be closer to the true cost of care. As this first fiscal cliff looms, state child care agencies, child care providers, and families with young children will face new challenges created by the continued crisis of a vastly underfunded child care system.

AS THIS FIRST FISCAL CLIFF LOOMS, STATE CHILD CARE AGENCIES, CHILD CARE PROVIDERS, AND FAMILIES WITH YOUNG CHILDREN WILL FACE NEW CHALLENGES CREATED BY THE CONTINUED CRISIS OF A VASTLY UNDERFUNDED CHILD CARE SYSTEM.

The supplemental CCDBG liquidation deadline follows just a year later in September 2024. Without action, the child care sector will face another version of crisis, one where collapse will be looming yet again. States must maintain the positive investments and policy improvements achieved with the child care relief resources. Long-term, significant funding is critical to making this a reality.

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ENDNOTES

[1] To view the individual profiles highlighting the work in each state, please visit: **https://www.clasp.org/publications/report/brief/pandemic-child-care-relief-funds-documenting-impact-across-four-states**.
[2] All information without an endnote citation is from the interviews conducted with the decision-makers in each state as well as advocates, and directly impacted providers.
[3] Karen Babbs Hollett and Erica Frankenberg, A Critical Analysis of Racial Disparities in ECE Subsidy Funding, Education Policy Analysis Archives, February 2022, **https://epaa.asu.edu/index.php/epaa/article/view/7003/2774**.
[4] Rachel Wilensky, Alejandra Londono Gomez, Alyssa Fortner, et. al., *Expanding Access to Child Care Assistance: Opportunities in the Child Care and Development Fund,* Center for Law and Social Policy, June 2023, **https://www.clasp.org/publications/report/brief/expanding-access-child-care-development-fund/**.
[5] H.R. 748 of January 3, 2020, "Coronavirus Aid, Relief, and Economic Security Act," **https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf**.
[6] H.R. 133 of December 27, 2020, "Consolidated Appropriations Act, 2021," **https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf**.
[7] H.R. 1319 of March 11, 2021, "American Rescue Plan Act of 2021," **https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf**.
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