

March 29, 2021

Katie Hamm
Acting Deputy Assistant Secretary for Early Childhood Development
Office of Early Childhood Development
Administration for Children and Families
Mary E. Switzer Building
330 C ST SW, Room 4502
Washington, DC 20201

Dear Deputy Assistant Secretary Hamm,

One year ago we recognized the significance of the pandemic that had just been declared, and wrote to the Office of Child Care to ask for immediate guidance that would help states understand their options under existing federal policy and guidance. We fully appreciate the scope and volume of work the Office has undertaken under the past year to mitigate the devastating impact of COVID-19 on the child care and early education community. Families and child care providers have endured a devastating year and sustained significant negative impacts. Without the commitment of funds by Congress and the administrative support from ACF, and specifically the Office of Child Care, the damage to the field could have been much worse and even more inequitable.

Now we have the opportunity to come together to provide significant relief and lay the groundwork for the field to rebuild towards a system that works for families and early educators. As we collectively work with states to implement CARES, CRRSA, and ARPA provisions and funds, we will continue to urge Congress to invest additional, ongoing investments that will enable states to extend and make permanent the important investments and policy changes that will be needed to truly bring the field out of this crisis and create a system that is more stable and equitable than before.

To make smart decisions and take quick action, states need three types of guidance from ACF.

1. Guidance to Expedite Immediate Relief

Our most urgent request is that the Office of Child Care provide unambiguous guidance to states making clear that they can and should spend relief funds, including subsidy and stabilization funds, to address urgent needs and immediately stabilize the field. This guidance should be brief, simple, and emphasize the flexibility of these dollars for uses not explicitly disallowed, and it should reassure states that a wide range of allowable uses exist for the CCDBG funds and stabilization grants. This brief and urgent guidance should include the information states most need to begin using the funds.

Simple guidance around the \$15 billion in CCDBG subsidy dollars included in ARPA

- Clarifying that the \$15 billion in CCDBG subsidy dollars included in the ARPA has the same flexibilities as CARES Act CCDBG dollars, including: lack of set-asides and direct service spending targets; the flexibilities extended by the emergency guidance as long as a federal or state public health emergency is in place; and flexibility to invest in child care settings not currently receiving support from the state's child care assistance program;
- Confirming the obligation and liquidation deadlines provided in the ARPA for these funds;
- Encouraging states to immediately apply relief funds in ways that make child care more accessible and affordable to families that have been hardest hit by pandemic economic conditions (low-income working and unemployed families, families of color, families whose primary language is not English, children and families with disabilities, families with infants and toddlers);
- Encouraging the use of funds to address immediate child care workforce needs, including equitable and appropriate compensation and benefits and the provision of premium pay; and
- Reminding states that the \$15 billion in CCDBG subsidy dollars included in the ARPA are designed to supplement, not supplant existing state child care spending, and indicate how ACF will be monitoring and enforcing this provision.

Initial guidance around the \$24 billion in stabilization grants included in ARPA

Initial guidance around the stabilization grants should most importantly include answers to technical questions allowing states to move forward in designing their grant programs (what states have to do). In addition, ACF can take this opportunity to highlight and encourage policies and strategies allowable under the law that will significantly increase the positive impact of the stabilization grants (what states should do).

What states have to do:

- Clear deadlines for obligation and liquidation of the stabilization grant funding. Our understanding is that the legislative intent was for grant funds to be obligated by states by end of federal fiscal year 2022, and liquidated by end of federal fiscal year 2023, but this was not specified in the final legislative language;
- Confirmation that existing providers on the date of the law's enactment, regardless of current operating status, are eligible for funding, and clarity on whether new programs or providers resulting from supply building can also be eligible;
- Considerations for states awarding subgrants to programs who have benefited from past rounds of relief funding, including what retroactive expenses can be reimbursed, and guidance around potential "double-dipping;"
- The expectation that states will as part of their subgrants prioritize and direct increased and appropriate compensation as part of program operating budgets, and that ACF will ensure states are prioritizing the use of funds to strengthen compensation;
- The expectation of minimizing the burden on providers around the documentation of providers' operating budgets (as required in the law) in order to distribute grant funds,

including providing states with options for documenting operating costs using cost model tools (at the state level, or with technical assistance at the provider level), existing tax forms, or other means to estimate provider operating costs;

- A broad and flexible definition of goods and services that can be purchased with grant funds to enable individual providers to meet their specific needs;
- Clear and limited expectations for accountability and documentation of use of funds from the Office of Child Care (e.g. any reporting or audit considerations);
- Clarification of ARPA language that says subgrants should ideally cover the period of the grant, providing flexibility for states to establish long term grants to minimize the need for providers to make repeated applications;
- Guidance on ACF plans to monitor the rate of state obligation of funds to ensure that the ARPA dollars are being accessed within a reasonable timeframe, including expectations around the 9-month 50% obligation requirement in the language of the law; and
- A requirement that states make available relief funds to providers immediately upon award rather than setting the expectation that providers spend their own funds in order to be reimbursed via public funds sometime later.

What states should do:

- The expectation that state grant programs will center equity, include private-pay child care, include providers across settings including family child care, and child care provided by relatives, friends and neighbors, and consider the reach and gaps in the distribution of previous relief dollars as they make decisions about funding.
- Clarification around the allowable uses of the 10% state administrative funding within the stabilization grants, including specifying that they can be used to:
 - Hire additional state staff to administer the grants;
 - Subcontract with a third party (e.g. non-profit partners or vendors with appropriate limits on overhead costs) to facilitate or support grant administration;
 - Create a streamlined application system accessible in multiple languages to ensure rapid grant distribution. This should include translating materials and resources into multiple languages and utilizing trusted messengers to reach underrepresented provider and family populations;
 - Provide technical assistance and outreach to ensure all providers have equitable access to grants, including providing materials in multiple languages and supporting community based technical assistance (e.g. navigators, staffed family child care networks, child care resource and referral agencies) to support access;
 - Improve and upgrade data collection, data systems, and technology systems used to facilitate equitable distribution of grants; and
 - Implement a broad range of supply building activities, including facility renovations and repairs related to health and safety, reopening costs, professional development (e.g. health and safety for new hires, business management for providers in different settings), provider recruitment and training, and establishing infrastructure such as staffed family child care networks, and

providing training and broadband access to family child care providers in underserved communities.

- Encouraging states while designing their stabilization grant programs to make policy choices that will provide urgent relief to providers and parents with minimal administrative burden. For example, states can be encouraged to:
 - Address child care workforce needs, including equitable and appropriate compensation and benefits, and the provision of premium pay;
 - Include grant- and contract-based strategies that reach providers who serve families who pay out of pocket, and are not limited to providers in the state child care assistance program;
 - Support providers and reimburse them as allowed by ARPA for past COVID-related costs, including debt incurred during the pandemic (which should be defined in the guidance);
 - Provide mental health support for children and for early educators, including through the creation and expansion of mental health consultation across a range of child care settings, and strengthening state technical assistance and coaching mechanisms to ensure there is capacity to support needs related to children's, families' and early educators' health and mental health; and
 - Design grant programs to pay providers over a significant length of time, rather than short-term (ie month to month) grants.

2. Ongoing Responsive Guidance

Second, the Office of Child Care should establish a means for quickly and publicly responding to questions and clarifications around the use of the CCDBG dollars and the stabilization grant funds in real time.

As we consider the best ways to offer states guidance and support in spending current funds effectively, we particularly want to thank the Office for creating and maintaining the series of frequently asked questions (FAQs) on its COVID-19 page. Those FAQs provided a medium through which the Office could publicly reply to specific questions, and nimbly provide informal guidance as states were dealing with rapidly changing circumstances. We believe this was an effective strategy to assist states in spending relief funding quickly and well.

Building on the success of the COVID-19 FAQ document, the Office can use a similar strategy to provide ongoing, responsive technical assistance to states around the ARPA funds. In some cases, guidance around the ARPA funds can be accomplished by clarifying in existing FAQ responses that they also apply to the ARPA CCDBG funds, stabilization grant funds, and/or CCDBG mandatory funds.

3. Guidance to Support Foundational and Ongoing Change Into Recovery

Finally, states need more detailed guidance and resources that encourage them to use all available child care and early education funds to bring more lasting relief and a forward looking recovery. ACF should explicitly encourage states to create and implement bold, foundational, and permanent policy changes.

For example, ACF can encourage states to:

- Make child care more accessible and affordable for families with low incomes, including minimizing or eliminating copayments for families by using ARPA or other state or federal funds to pay for them, expanding subsidies to eliminate waitlists, expanding eligibility, strengthening outreach, and simplifying application processes for families and for child care programs;
- Use available cost modeling tools, increase payment rates, and create payment systems that reliably cover the true cost of high-quality care, including equitably distributed contract- and grant-based payments directly to providers;
- Develop outreach and application systems that ensure families and providers across setting types have broad and equitable access to participate in state child care assistance programs;
- Create and implement systems, including contract and grant based systems, to build the supply of child care in underserved and impacted communities, including types of care that are in short supply like family child care, infant-toddler child care and care during non-traditional hours;
- Support the creation or expansion of non-profit provider support networks and services, like staffed family child care networks, that give providers better access to administrative, programmatic, and quality support and help them connect with families in need of quality child care services;
- Develop permanent agency-wide language and equity protocols that include translating materials and resources into the languages spoken by the state's most common language groups, making translation resources available to all child care stakeholders, and utilizing trusted messengers to reach underrepresented provider and family populations;
- Make longer term changes to data systems that fully support the task of designing and administering equitable, effective child care systems and policies, including the ability to disaggregate data by age, race, ethnicity and language;
- Update, design, and create quality improvement investments and support systems that equitably support providers to deliver developmentally appropriate services that meet the unique needs of children and support a diverse professional workforce;
- Strengthen infrastructure connecting child care to other vital family support services so that families can more easily navigate complex systems; and
- Support the creation of state-based grassroots advisory councils to engage parents and frontline child care staff in decision-making and on which representatives of child care employers, staff and parents are represented.

As individual organizations and collectively, we can provide materials, tools, and consultation about each of these suggestions, so please don't hesitate to ask us for support as you develop guidance.

National Technical Assistance and Support

Finally, as your partners in providing support to states implementing the COVID relief strategies in this letter, we are looking forward to learning more about your plans to use the \$35 million available through ARPA to provide states with technical assistance around the sustainability funds. We believe ACF can play a critical role, through its TA strategies and infrastructure, in promoting policies and practices that center equity, and disseminating expertise and tools that will help states create more robust systems that better provide access to high quality child care for all children.

We are excited to assist ACF, the Office of Child Care and this administration to make the most of this historic time of opportunity and investment to create lasting change. Please call on us collectively or individually to contribute ideas, weigh considerations, and share information to and input from our networks as you take the lead in getting these important funds into the field to turn the tide for child care.

We appreciate your urgent attention to this matter and look forward to working with you in partnership.

Sincerely,

- Alliance for Early Success, Helene Stebbins
- All Our Kin, Jessica Sager, Co-Founder and CEO
- Center for Law and Social Policy (CLASP), Christine Johnson-Staub, Senior Policy Analyst and State Technical Assistance Manager, and Katherine Gallagher Robbins, Director, Child Care and Early Education
- Child Care Aware® of America, Mario Cardona, Chief of Policy and Practice, and Anne Hedgepeth, Senior Director of Federal and State Government Affairs
- Community Change Action, Kate Kahan, Legislative and Advocacy Director
- EducationCounsel LLC, Danielle Ewen, Principal
- First Five Years Fund, Amanda Guarino, Policy Director
- Home Grown, Natalie Renew, Director
- National Association for the Education of Young Children (NAEYC), Lauren Hogan, Managing Director for Policy and Professional Advancement
- National Association for Family Child Care, Lanette Dumas, Executive Director
- National Black Child Development Institute, William Dunbar, Vice President, Policy
- National Women's Law Center, Karen Schulman, Director of State Child Care Policy, and Melissa Boteach, Vice President, Income Security & Child Care
- Service Employees International Union (SEIU), Jaya Chatterjee, Assistant Legislative Director
- Start Early, Kristin Bernhard, Senior Vice President, Advocacy and Policy

- ZERO TO THREE, Myra Jones-Taylor, Chief Policy Officer

cc:

Acting Assistant Secretary JooYeun Chang, U.S. Department of Health and Human Services

Ellen Wheatley, Acting Director, Office of Child Care

Andrew Williams, Office of Child Care, Administration for Children and Families