

## Recommendations on Use of American Rescue Plan Funds for Child Care in West Virginia

### Survive COVID and Thrive Tomorrow Child Care Policy Group July 15, 2021

**Background on Funds:** The American Rescue Plan, signed into law on March 11, 2021, appropriated funding for child care through three funding streams:

- \$24 billion for one-time child care stabilization grants (WV will receive almost \$160.4 million),
- \$15 billion in one-time supplemental Child Care and Development Fund (CCDF) discretionary funds (WV will receive just over \$100 million), and
- \$3.5 billion in Child Care and Development Fund mandatory funds, a permanent annual appropriation (WV will receive just over \$2.5 million).

Guidance from the US Department of Health and Human Services, Administration for Children and Families, Office of Child Care was released on May 10, 2021 for child care stabilization grants and on June 11, 2021 for CCDF discretionary funds. Guidance regarding CCDF mandatory funds has not yet been released.

**Criteria for Decision-Making:** Recommendations were chosen based on the following criteria.

- Recommendations will have a direct benefit to children and families, child care businesses, and/or child care staff.
- Recommendations will be evidence-informed and backed by data.
- Recommendations will be written as actions with suggestions for implementation and accountability, where helpful to promote the understanding of possibilities.

**Sources Guiding Decisions:** The following were used to develop these recommendations:

- Summary of Federal guidance on child care stabilization grants released on May 10, 2021, prepared by Barbara Gebhard
- Summary of Federal guidance on the CCDF discretionary funds released on June 11, 2021, prepared by Barbara Gebhard
- Quality Rating and Improvement System (QRIS) for West Virginia: Revised Cost Evaluation April 20, 2015 – Center for Business and Economic Research (CBER)
- Building a System for Early Success, Phase I Findings and Recommendations, West Virginia Early Childhood Planning Task Force, March 2014
- Survive COVID Thrive Tomorrow Planning and Learning Sessions, Participant Feedback (parents, child care providers, child care technical assistants, elected officials, state and national child care practitioners, funders, and advocates), January and April 2021
- WV Forward, WV Women Moving Forward, Workforce Barriers: Rethinking Dependent Care, West Virginia University, 2019 [https://wvforward.wvu.edu/files/d/6d5d46a8-600c-4e24-abee-69da54dc79a0/wvf\\_women\\_dec2019\\_dependentcare.pdf](https://wvforward.wvu.edu/files/d/6d5d46a8-600c-4e24-abee-69da54dc79a0/wvf_women_dec2019_dependentcare.pdf)
- West Virginia: Key 2 a Healthy Start Intervention, CHOICES, February 2018

### **Timeline for Expenditures:**

Child care stabilization grants:

- Strongly encouraged to obligate at least half of funds by December 11, 2021, and must notify HHS if they will not be able to do so.
- Must obligate all funds by September 30, 2022 and liquidate by September 30, 2023.

CCDF discretionary funds:

- Must obligate all funds by September 30, 2023 and liquidate by September 30, 2024.

**Child Care Stabilization Federal Guidance:** Up to 10 percent can be spent on administrative expenses, supply building, and technical assistance. At least 90 percent must be spent on subgrants to qualified and eligible child care providers. Federal guidance appears below in italics.

- *Allowable activities under 10 percent set-aside:*
  - *Administering subgrants to child care providers, including upgrades to data collection and technology systems*
  - *Building the supply of child care (strongly encouraged), such as:*
    - *Start-up grants*
    - *Low- or no-interest loans for start-up or expansion*
    - *Staffed family child care networks*
    - *Technical assistance on business practices*
    - *Expansion of shared services models*
    - *Improvements to lead agency data systems*
    - *Community needs assessments*
    - *Efforts to increase access to licensing or participation in QRIS*
    - *Funding for facility improvements and minor renovations, but not major renovations or new construction*
  - *Providing technical assistance and support for subgrant applications, such as:*
    - *Staffed helpline or chat function*
    - *Support for collecting documentation*
    - *FAQ documents*
    - *Partnerships with culturally relevant organizations and trusted messengers to support navigation of the application process (strongly encouraged)*
  - *Publicizing availability of subgrants, including outreach activities by organizations trusted by child care providers*
  - *Providing technical assistance to providers receiving subgrants to meet requirements:*
    - *Must follow certain health and safety guidelines*
    - *Must continue to pay full compensation to staff*
    - *To the extent possible, must provide relief from copayments for parents struggling to afford child care*
- *Uses of subgrant funds:*
  - *Funds can be used to cover the following categories of operating expenses:*
    - *Personnel, including increases in compensation, recruiting, and retaining staff, and increasing diversity of the workforce (all strongly encouraged)*
    - *Rent, utilities, facilities maintenance, and insurance (but not construction or major renovations)*

- *PPE, cleaning supplies or services, and other health and safety practices*
- *Equipment and supplies to respond to COVID, including business software and technological upgrades*
- *Goods and services necessary for operation of a child care program, including licensing fees and costs associated with meeting licensing requirements*
- *Mental health services for children and staff*
- *Past expenses to reimburse providers for costs in response to COVID public health emergency between January 31, 2020 and March 10, 2021 (may be dedicated fund or combined into one application with prospective operating expenses)*

**CCDF Discretionary Funds Federal Guidance:** Allowable use of these supplemental funds are the same as regular CCDF funds except: (1) there is no minimum spending requirement for quality activities; (2) there is no minimum spending requirement for direct services; (3) subsidies may be provided to essential workers regardless of income; and (4) the administrative cost limit of 5% applies to the total of regular and ARP CCDF discretionary funds. Federal guidance appears below in italics.

- *Priorities for expenditures:*
  - *Increasing provider payments*
    - *Increasing provider payment rates based on market rate survey and provider operating costs*
    - *Conducting cost of quality studies and using information as part of rate-setting*
  - *Improving payment policies*
    - *Expanding use of grants to contracts to provide direct child care services*
    - *Adopting policies to pay providers based on enrollment delinked to child absences*
  - *Increasing wages for early educators and family child care providers*
    - *Developing a wage ladder with a floor of \$15 per hour and increased pay for additional experience and credentials*
    - *Improving access to benefits such as health insurance*
    - *Providing bonuses or wage supplements directly to the early childhood workforce*
    - *Allocating funds for scholarships or direct provision of additional training or credentials*
  - *Building the supply of child care for underserved populations*
    - *Building the supply of regulated child care through strategies such as staffed family child care networks, start-up grants, contracts, bonuses for providers in underserved areas, and assistance in licensing and reopening*
    - *Building the supply of child care for underserved populations such as infants and toddlers, families with nontraditional work hours, rural communities, dual language learners, and children with disabilities*
- *Other uses of funds:*
  - *Supporting families struggling to afford child care or facing job interruptions or income loss*
  - *Providing subsidies for essential workers*
  - *Investing in data systems to support equitable access to child care*
  - *Investing in mental health supports for child care providers and children*
  - *Conducting outreach to families and child care providers on the availability of child care assistance*
  - *Supporting parents and child care providers in accessing COVID-19 vaccines*

**Recommendations:** Recommendations are organized under the following categories: supporting families, increasing high-quality child care, building the supply of child care, supporting child care businesses, supporting and retaining qualified child care staff, and supporting shared services among child care providers.

**The terms child care, child care provider/s, and child care businesses refer to both traditional daytime hours and non-traditional hours, including before and after school; infants, toddlers, preschoolers, and school-age children; delivered in all regulated settings: family care home, facility, and/or center.**

### **Supporting Families**

- Raise the income eligibility for families to receive child care subsidies from the current entry level of 150% of 2019 Federal Poverty Level and current exit level of 185% of 2019 Federal Poverty Level, to entry level of 185% of 2021 Federal Poverty Level and exit level of 250% of 2021 Federal Poverty Level (for example, for a family of three, from current entry level of \$31,995 and current exit level of \$39,460 to entry level of \$40,626 and exit level of \$54,900).
- End the essential workers policy at the end of the pandemic; however, continue to provide full subsidies for child care workers' cost of child care for their own children.
- Decrease family co-pays for child care costs.
- Increase consumer education efforts by:
  - Establishing/contracting with a marketing team for Child Care Resource and Referral (CCR&R) agencies to provide ongoing support for increasing access to available quality child care. Utilize professional marketers to reach a broader base of parents, community organizations, and employers about how and where to access child care.
  - Updating the website to include information for parents about child care provider quality such as education and training.
  - Conducting a public awareness campaign on choosing quality child care.
  - Partnering with WV employers to identify local child care options.

### **Increasing High-Quality Child Care**

- Contract with a neutral facilitator to reactivate the quality advisory committee as a part of WV's Early Childhood Advisory Council to redesign a statewide quality improvement process for child care in WV. Use federal funds to fully implement the redesigned quality enhancement process.
- Invest in and fully implement an open, supportive, inquisitive, learning-based statewide quality review and improvement process that includes immediate feedback of results to child care providers and technical support to implement identified changes. Invest in and use the following tools statewide; [Go NAP SACC](#), focused on nutrition and physical activity; [The McCormick Center's Early Childhood Program Administration Scale](#) (PAS) focused on business development; and three complementary [early childhood environment rating scales](#): the Early Childhood Environment Rating Scale (ECERS), the

Infant and Toddlers Environment Rating Scale (ITERS), the Family Child Care Environment Rating Scale (FCCERS), and the School-Age Care Environment Rating Scale (SACERS).

- Increase the amount and frequency of quality grants and bonuses to incentivize all child care programs to increase and sustain higher tier levels.
- Pay for Infant/Toddler Mental Health certification for interested child care staff in regulated child care settings.

### **Building the Supply of Child Care**

- Provide funds for current or prospective child care providers to expand existing or create new child care businesses. Provide greater incentives in WV's child care deserts. Encourage the use of business coaching for start-up and expansion planning.
- Allocate a portion of child care stabilization grants to underserved populations such as infants and toddlers, families with nontraditional work hours, and children with disabilities.
- Explore and support the development of emergency child care pilot programs to meet the needs of families and communities with fewer than needed quality child care options. [Jeremiah's Place](#) in Pittsburgh, PA is an example of flexible care for families with a variety of needs.

### **Supporting Child Care Businesses**

- Extend the policy and practice of paying child care providers for a child's enrollment not the child's daily attendance beyond the pandemic. Subsidizing the cost of child care based on enrollment allows child care providers to accurately forecast business income and costs. A predictable budget is critical for any business to be able to sustain and grow.
- Pilot a child care reimbursement rate payment system based on contracts with child care providers for a determined number of child care slots rather than family vouchers, and implement more widely if effective.
- Conduct an ongoing, biannual study on the cost of care that includes increases for the cost of doing business, rather than basing reimbursement on market rates.
- Increase contracts to CCR&Rs to support recruitment and retention of qualified R&R staff. Increased contracts will ensure consistent, high-quality support to child care providers and families.
- Fund CCR&Rs to hire staff skilled in child care business practices to work in partnership with WV Small Business Development Center business coaches to strengthen the business practices of WV's child care providers.

### **Recruiting, Supporting, and Retaining Qualified Child Care Staff**

- Implement a wage enhancement process, linked to the STARS Career Pathway, to increase salaries for all child care staff, additional enhancements (not bonuses) for higher levels of education. This will support hiring and retention of educated child care staff.
- Explore, select, invest in, and implement a clear strategy to support child care providers and staff in accessing health care benefits. Health care benefits will support hiring and retention of educated child care staff.

- Provide full subsidies for child care workers' cost of child care for their own children to assist in recruiting and retaining child care staff with higher levels of education.
- Expand and promote Early Care and Education Career Technical Education and Apprenticeship for Child Development Specialists programs to support connection to and placement in the child care workforce.

### **Supporting Shared Services Among Child Care Providers**

- Pay for multi-year licenses for child care providers to utilize a child care management system that complements the state's data management system currently under development. [ProCare](#) is an example.
- Provide the assessment tools that accompany all approved early care and education curricula to child care providers. These tools measure child development and the results provide important information to early childhood educators and parents to properly support individual development. [Teaching Strategies GOLD](#) for the Creative Curriculum is an example.
- Provide funding to support the expansion of central kitchens, a child care shared services model, in at least 5 WV counties.
- Incentivize the creation of staffed family child care networks, which offer home-based child care providers quality improvement supports such as training, technical assistance, and peer support delivered by a paid staff person.

### **Priority Recommendations:**

#### **Supporting Families**

- Raise the income eligibility for families to receive child care subsidies from the current entry level of 150% of 2019 Federal Poverty Level and current exit level of 185% of 2019 Federal Poverty Level, to entry level of 185% of 2021 Federal Poverty Level and exit level of 250% of 2021 Federal Poverty Level.

#### **Increasing High-Quality Child Care**

- Invest in and fully implement a quality review and improvement process including use of the following tools statewide: [Go NAP SACC](#), focused on nutrition and physical activity; [The McCormick Center's Early Childhood Program Administration Scale](#) (PAS), focused on business development; and three complementary [early childhood environment rating scales](#): the Early Childhood Environment Rating Scale (ECERS), the Infant and Toddlers Environment Rating Scale (ITERS), the Family Child Care Environment Rating Scale (FCCERS), and the School-Age Care Environment Rating Scale (SACERS).
- Increase the amount and frequency of quality grants and bonuses to incentivize all child care programs to increase and sustain higher tier levels.

#### **Building the Supply of Child Care**

- Provide funds for current or prospective child care providers to expand existing or create new child care businesses, with greater incentives in WV's child care deserts.

### **Supporting Child Care Businesses**

- Pay child care providers based on children's enrollment rather than daily attendance.

### **Recruiting, Supporting, and Retaining Qualified Child Care Staff**

- Implement a wage enhancement process, linked to the STARS Career Pathway, to increase salaries for all child care staff, with additional enhancements for higher levels of education.
- Provide full subsidies for child care workers' cost of child care for their own children.