Strategies to Guide the Equitable Allocation of COVID-19 Relief Funding for Early Care and Education

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Introduction

The COVID-19 pandemic created a major upheaval to an already fragile early care and education (ECE) system. As a result of the pandemic, families face additional challenges accessing care and child care providers are experiencing greater financial difficulties and struggling to keep their programs open. The pandemic has also exacerbated the racial, gender, and socioeconomic inequities within the child care system. For instance, the low-paid ECE workforce disproportionately includes women of color and immigrant women, and families with low incomes spend a disproportionate amount of their income on ECE compared to families with higher incomes. Certain families also face considerable barriers to accessing care. For instance, families living in rural areas, those with infants and toddlers, those who work non-standard hours, and families with a child with disabilities have fewer child care options. Federal COVID-19 relief funds have been a critical support to keep ECE programs afloat and to ensure families can access care. As states strive to spend these funds in ways that support the child care industry and decrease these inequities, they must decide how to equitably distribute federal recovery funds to better support child care providers, as well as families that face greater barriers to accessing care due to systemic inequities.

Since March 2020, Congress has allocated over $52 billion to states through the Child Care Development Block Grant (CCDBG) to stabilize child care and support working families through the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; and the American Rescue Plan Act (ARPA). The COVID-19 relief funding from the American Rescue Plan Act (ARPA), which Congress passed in March 2021, allocated $39 billion for child care. This included approximately $24 billion for stabilization grants to help ECE programs remain open or reopen, and $15 billion for supplemental funding for CCDBG activities to make child care more affordable and accessible. Additionally, ARPA permanently increased the mandatory Child Care Entitlement to States from $2.92 billion to $3.55 billion. The $15 billion in supplemental CCDBG funds are not restricted to COVID-19 response and can be used to support a variety of activities under the CCDBG 2014 Act, which emphasizes equitable access to high-quality ECE as the legislative intent.

Broadly, the ARPA supplemental CCDBG funding can be used to:

- Expand access to high-quality child care (e.g., increasing providers’ reimbursement rates, increasing providers’ wages, etc.).

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1 The ARPA funding comes on top of prior support for children, families, and child care providers. States received $3.5 billion in supplemental appropriations for the Child Care and Development Block Grant (CCDBG) through the Coronavirus Aid, Relief, and Economic Security (CARES) Act (https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf) in March 2020, and $10 Billion for CCDBG funding in December 2020 through the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) (https://www.congress.gov/116/bills/hr133/BILLS-116hr133enr.pdf).
• Expand access to child care assistance (e.g., increasing eligibility limits, waiving or reducing parent co-payments).
• Expand outreach on the availability of child care assistance, particularly to underserved communities or populations in states.
• Provide mental health supports for child care providers and children in their care.
• Support vaccinations.iii

States are working to distribute their COVID-19 relief funds quickly, effectively, and equitably to child care providers and families.

The purpose of this brief is to highlight some of the strategies states are pursuing to address equity in allocating their ARPA child care funds. It also provides a framework to support decision making around how to use recovery funds that focuses on the needs and preferences of families—particularly families that face barriers to accessing high-quality ECE.

Strategies include:
• Conducting town halls with families, providers, and other early childhood stakeholders to inform state priorities for allocating the funding.
• Partnering with intermediary organizations to conduct outreach and technical assistance around the stabilization grants with ECE providers.
• Using the Social Vulnerability Index (SVI) to distribute grants to ECE providers that serve the communities most in need within their state.

The intent for sharing these strategies is to document some different ways in which states are working to embed equity in their decision-making process. As part of this step, many states are using this funding opportunity to collect additional data to better understand the inequities that young children, families, and providers in the ECE system face in their state. Equipped with these data, states can begin to better define their goals for equitable ECE access and how they can track their progress toward meeting these goals.

State Examples of Equitable Approaches to Allocating New Funds

Several states are exploring strategies to work toward more equitable distribution of funding, including:
1. Engaging parents and ECE providers within communities to hear what their urgent and long-term ECE needs and preferences are.
2. Using data to identify the children, families, and providers who face barriers to accessing ECE programs in order to help guide decision-making.
3. Promoting equitable access to information about funding opportunities and funding allocation.
4. Embedding strategies in the allocation of funding that ensure supports for the workforce.

Community engagement and information sharing

Some states are working to engage and share information with providers, families, and other ECE stakeholders in the use and distribution of ARPA and other COVID-19 relief funds.
Town halls with Early Childhood Stakeholders: Colorado is hosting a series of town halls in both English and Spanish to share more information about funding strategies through ARPA, CRSRA, and Colorado House Bill 20B-1002. They have identified three key areas of work that will be supported by the stimulus funding: workforce, access, and family strengthening. These strategies were developed with the input of early childhood stakeholders across Colorado. Maryland also conducted a series of virtual town hall meetings with child care providers, families, and other stakeholders across the state in August 2021 for community input on how the ARPA supplemental CCDF funding should be used.

Daily Call Series for Early Childhood Advocates and Providers: In Massachusetts, Strategies for Children hosts daily calls for early childhood stakeholders to keep them informed on a wide variety of topics including but not limited to recent research, state budget proposals, ECE legislation, policy changes to programs funded by the MA Department of Early Education and Care, and information related to the processes and timelines for distribution of COVID-19 Relief Funds for ECE providers. Strategies for Children regularly invites experts to give presentations during these weekly calls. These calls also allow early childhood stakeholders to build strong advocacy networks capable of influencing state-level operations.

Equity-informed methodologies used for grant distribution

Some states are also using several methods to inform how their grants for ECE providers will be distributed. This includes methods that identify communities with greater needs as well as offering bonuses to providers who serve families who are more likely to face barriers to finding care, such as families with infants and toddlers and families who need care during non-traditional hours.

Social Vulnerability Index (SVI): A variety of states such as Massachusetts, Connecticut, South Carolina, and New Mexico are using or plan to use the Social Vulnerability Index (SVI) to equitably distribute funds to licensed child care centers, group homes, and family child care homes that serve the communities most in need within their state. The SVI is a comprehensive metric developed by the Center for Disease Control (CDC) to indicate community need. It considers 15 variables measured at the census tract level and divides these variables into four distinct categories: Socioeconomic Status, Household Composition, Race/Ethnicity/Language, and Housing/Transportation.

Regional Adjustments: While not every state is using the SVI, some states such as Pennsylvania have a regional multiplier added to their stabilization subgrant distribution methodology, which, similar to the SVI, is intended to support providers serving communities with higher need.

Infant/Toddler Care Add-On: Pennsylvania, Oregon, North Dakota, New Mexico, and Nevada have incorporated a variable to account for providers that have infant/toddler slots, in order to compensate for the higher cost per child. For example, Pennsylvania has included an Infant/Toddler Service Add-On to their formula, adding on 15 percent of the Child Enrollment Base Award for child care centers, and 30 percent of the base award for family and group child care homes. Connecticut has an Infant/Toddler Bonus that functions as a 1.25x multiplier to the base enrollment award to calculate grants for eligible providers.

Non-Traditional Hour Add-On: Oregon, North Dakota, and New Hampshire allocate additional funding, on top of the stabilization grant base payment, to providers who care for children during non-traditional hours (i.e., early mornings, late evenings, overnight, and weekends).

Culturally Responsive Care Add-On: Oregon provides a 10 percent bonus on top of the base payment of the stabilization grant for providers who offer culturally responsive care (i.e., caring for children from culturally diverse families in ways that are consistent with their home practices and values).

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2 Colorado House Bill 20B-1002 creates two emergency relief grant programs to allow the state to allocate funds for sustainability and expansion to existing licensed and start-up child care providers in Colorado.
Child Care Assistance Add-On: Several states, such as Oregon, North Dakota, New Hampshire, Minnesota, and Pennsylvania offer additional financial support, on top of the base payment, to providers who care for children that receive a child care subsidy.

Accessibility and outreach strategies to increase equitable distribution of funds

Another strategy that states are exploring is to work with technical assistance partners who are trusted in communities to help providers learn about and access grant funds. These states are also working to make the grant application accessible to providers who do not speak English as their primary language.

Partnering with Intermediary Organizations to Improve Outreach: States can spend up to 10 percent of their stabilization grant funds for administrative purposes, including working with intermediary organizations to help engage communities that face barriers. Third-party organizations can bridge the communication gap between child care providers and the state and are often better suited to rapidly distribute information to communities with which the organization has a pre-existing trusted relationship. In Massachusetts, the Department of Early Education and Care has partnered with the nonpartisan advocacy organization Strategies for Children to provide additional support, technical assistance, and information sessions to child care providers.

Providing Grant Applications and Corresponding Documentation in Multiple Languages: Some states such as Massachusetts and New York are trying to increase the distribution of funds going to providers that do not speak English as their primary language. Massachusetts hosts their grant application on a web-based portal that allows users to view the application in four different languages. They have also developed comprehensive guides in each available language to provide further assistance to applicants as they complete their application. New York has made their application available in 11 languages, and has additionally provided a frequently asked questions document in each language as well as step-by-step instructional videos showing applicants how to use the web-based portal in whatever language they speak most comfortably.

Hosting Office Hours and FAQ Sessions in Multiple Languages: In Massachusetts, Strategies for Children has hosted information sessions in both English and Spanish and has recordings of these sessions available on their website.

Supporting the workforce

Compensation for the ECE workforce has always been low and not commensurate with education and experience, making it difficult to recruit and retain providers. The stabilization grants provide the opportunity to offer providers adequate compensation and benefits to help address salary inequities.

Requiring Increased Compensation, Benefits, or Premium Pay for all Paid Employees: Several states have built in a requirement for grantees to use a portion of their stabilization grants to increase compensation for staff. Oregon requires grantees to spend at least 20 percent of the total grant funds on increasing compensation for child care staff. Nevada has similar guidance but expands their guidance to clarify that financial supports and/or benefits to staff may include bonuses, stipends, salary increases, paid leave, transportation assistance, or other compensation/benefits to their normal wages and/or benefits. Minnesota requires grantees to use at least 70 percent of their base grant to provide increased compensation, benefits, or premium pay to all paid employees.

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3 Massachusetts provides their grant application materials in English, Spanish, Portuguese, and Mandarin.
4 New York provides their grant materials in English, Arabic, Bengali, Chinese, French, Haitian Creole, Italian, Korean, Polish, Russian, and Yiddish.
Using the Access Framework to Guide Child Care Policy Decisions, Including the Use of Federal Recovery Funds

In addition to the strategies noted above, states can use the Access Framework, a multi-dimensional way to think about what it means for families to have access to ECE, to guide policy decision making aimed at equitable allocation of funding. A family-centered definition of child care access, developed by a panel of research and policy experts, acknowledges the complexity of finding and using ECE and the importance of addressing families’ preferences, needs, and constraints when developing policy solutions. The definition is informed by literature on child care decision-making and includes four interrelated dimensions:

All families, with reasonable effort, can find and use affordable care that meets the family’s needs and supports their children’s development.

The definition goes beyond the availability of ECE “slots” and instead highlights the array of factors that support or constrain families when finding and selecting a child care arrangement. Recent research has also highlighted that common metrics for measuring ECE access such as estimating the supply of licensed care in an area or how many families use licensed care in a particular area does not mean that ECE is accessible to all families or that it accounts for what they search for, can afford, prefer, or need. Therefore, using a family-centered definition is important to addressing access more fully.

Figure 1. Interrelated Dimensions of Access to High-Quality Care

Supports Children’s Development: care that is high-quality, stable, coordinated, and meets children’s unique needs.

Reasonable Effort: the availability and use of care and information about care.

Affordability: the cost of care to parents and providers.

Meets Parents’ Needs: parents’ preferred type of program, availability of transportation, and hours of operation.


States can use this access definition to help shape their priorities for the allocation of the COVID-19 recovery funding. For example, states can address reasonable effort by increasing reimbursement rates to incentivize additional providers to accept a child care subsidy and therefore provide families with a child care subsidy more options. They can address affordability for families by using funds to reduce or eliminate families’ copayments. They can support children’s development by using funds for mental health programs...
for children and ECE providers. States can also meet parents’ needs by ensuring that there are grant funds for different types of providers (i.e., centers, family child care providers, and license-exempt providers) or providers that offer care during non-traditional hours. Collectively, if states use funds to address each of the access dimensions, they’ll help to reduce barriers to accessing care.

**Focusing on equitable access**

Critical to the *access definition* is understanding who has access to ECE and why certain barriers exist. When examining equitable access, states should first explore what disparities exist in access to ECE through data collection and analyses. They should then also aim to identify the causes of inequities in ECE access—including looking at the historical roots of racism, discrimination, and bias—to better inform strategies to address these inequities. One way to inform states’ understanding of why barriers exist is to seek input about the needs, preferences, and experiences of families across various geographic areas; racial/ethnic groups, those who speak different languages, and families with varying income levels. Promoting equitable access means that states seek to support families from various demographic groups when making policy decisions and examine how policy changes affect families’ use of and access to ECE by subgroup.

**Guiding questions for examining multiple dimensions of equitable access**

The Access Framework can serve as a tool for decision-makers as they strive to use recovery funds in ways that promote access for all children and families. Table 1 provides examples of guiding questions by each access dimension that states can ask to help determine how policies under consideration might affect families’ equitable access to ECE. These guiding questions help to show how policies can align with one or more dimensions of access. States should aim to select policies that promote all four dimensions of access.

**Table 1. Considerations for determining if funding decisions will improve equitable access to ECE**

<table>
<thead>
<tr>
<th>Access Dimension</th>
<th>Examples of guiding child care policy questions</th>
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| Affordable       | • How will the use of funds decrease costs for the parents, especially those who face greater barriers to care such as families with low incomes, families who have a child with disabilities, or families who live in rural areas?  
• How will the use of funds decrease costs for the providers and types of child care programs for whom state administrators are working to support more equitably? |
### Strategies to Guide the Equitable Allocation of COVID-19 Relief Funding for Early Care and Education

#### Access Dimension

<table>
<thead>
<tr>
<th>Examples of guiding child care policy questions</th>
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<tbody>
<tr>
<td><strong>Reasonable Effort</strong></td>
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<tr>
<td>• Does the use of funds increase the supply of child care options for families? Does it increase the supply of child care options in areas where there is less supply (e.g., high-poverty areas or rural areas)?</td>
</tr>
<tr>
<td>• Does the use of funds increase child care options for types of care that are harder to find or in short supply (e.g., infant and toddler care, care offered during nontraditional hours, or care for children with disabilities)?</td>
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<tr>
<td>• Does the use of funds increase the information available to parents about their available ECE options, and consider the languages the information is needed in or how best to share this information (e.g., online, by phone, etc.)?</td>
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| **Supports Child Development**                  |
| • Could the use of funds support the mental health of children and families, programs serving historically marginalized communities, and programs that have historically had less access to systemic resources, including family child care and other home-based providers? |
| • Could the use of funds increase provider participation in quality improvement efforts (e.g., QRIS); increase the supply of high-quality (i.e., quality-rated) care, particularly in areas where there is less supply of high-quality care (e.g., high-poverty areas or rural areas); or increase the supply of high-quality care for certain age groups of children that have limited access to care, such as infants and toddlers? |

| **Meets Parents’ Needs**                        |
| • Could the use of funds increase the availability of care for certain age groups of children, particularly in areas where there is less supply of care for infants and toddlers (e.g., high-poverty areas or rural areas)? Could it increase the availability of care offered during weekends, evenings, and overnight? Could it increase the availability of certain types of care? |
| • Is the use of funds informed by families’ input on their needs and preferences? If not, are there opportunities for the state to engage families, particularly those who face considerable barriers to accessing care, to ask about their preferences for the type of care (e.g., center-based or home-based) they would like for their child(ren)? |

#### Recommendations

Through the COVID-19 relief funding, states can leverage this opportunity to build or strengthen their efforts to create a more equitable ECE system. The state examples above demonstrate initial steps to embed equity principles in grant application development, gathering feedback, outreach, funding distribution, and data collection. States looking to further equitable allocation of new funds and to better understand equitable access in their state more completely can take the following steps:

- **Use existing data to better understand the current crisis and determine funding priorities.** As noted above, several states are using data from existing sources to inform equitable funding allocations. States can use existing data sources to examine multiple dimensions of access to identify which families need support with the additional funds. For instance, the American Community Survey or state administrative data sources (i.e., child care licensing data) can be used to develop a better understanding of where families with young children live in relation to child care providers (i.e., reasonable effort), the cost of child care (i.e. affordability), child care quality (i.e., supports children’s development), and other characteristics of child care settings such as program type, ages of children...
served, and after hours care (i.e., meets parents’ needs). These data can provide important context for identifying populations of families that face barriers in making determinations about equitable allocation of funding.

• **Engage the voices of families, providers, and other community stakeholders to understand needs and identify barriers in accessing and using recovery funds.** States can hold virtual town halls or conduct other outreach strategies (i.e., focus groups or surveys) to hear from families and providers about how funds should be spent. When done appropriately, engaging families in making determinations about funding is the best way to understand parents’ needs and their preferences for the type of care they are seeking for their child(ren). This outreach can help guide decisions about what families want, need, and the types of supports child care providers in their area may need to ensure the supply of care that is preferred by these families is supported.

• **Provide an accessible and inclusive grant process for providers to ensure that those who need financial support most urgently receive it.** While the Access Framework is a family-centric model for considering the child care needs and preferences for families, equitably allocating funds to providers of various types (i.e., centers, family child care homes, informal care), racial/ethnic backgrounds, across geographies, and who speak different languages is key to promoting equitable access for families. With the application process for the ARPA stabilization grants, several states have taken steps to make the grant application materials and instructions available in multiple languages. Moreover, states are offering additional funds for providers serving infants and toddlers, those offering culturally responsive care, and to providers who offer care during non-traditional hours. States should also consider and provide accommodations for the range in capacity of providers to apply for funds. For example, a family child care provider who has never applied for a grant before will require different levels of support for accessing available funding compared to a child care center with administrative staff who have experience applying for grant funding.

• **Use the Access Framework to help determine how the use of funds will promote multiple dimensions of access.** States can use the questions outlined in Table 1 of this brief to explore how their plan for allocating new funds aligns with the dimensions of access and can help address barriers to families accessing high-quality care. This process can help states identify whether there are any access dimensions that are not being supported by the plan under consideration and to adjust accordingly. This process can also help states recognize when they do not have enough information about families’ needs and preferences and what data collection is needed.

## Next Steps

In addition to allocating new funds, states also need to track how they’ve used their ARPA funds to meet their policy goals. While this brief helps to conceptualize “equitable access” and how to make funding decisions that aim to promote equitable access, a subsequent brief will describe how states can track their progress towards the goal of equitable access using the Access Framework.

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**Best Practices for Stakeholder Outreach.**

There are a few best practices to keep in mind when doing stakeholder outreach with families and providers. For example, states should ensure that these opportunities are well-advertised in the languages of the communities they serve and advertised through as many modalities as possible (e.g., email, text messages, flyers, PSAs). Notes should be taken at these events not only to inform state leaders about next steps, but so that those leading these discussions can report back a high-level summary of key themes identified. Reporting back to participants is a critical step of community engagement as it helps to communicate that participants’ voices were heard and helps to share power by giving participants a public summary of priorities that can be used to help keep state leaders accountable for next steps.
References


Appendix: Additional resources on allocating ARPA child care funds


- Child Care Aware’s ARPA resource page: [https://www.childcareaware.org/our-issues/public-policy/american-rescue-plan-arp-act](https://www.childcareaware.org/our-issues/public-policy/american-rescue-plan-arp-act), which includes the following guides:
  - Through an Equity Lens: Working with Data to Implement Change in Child Care

- American Rescue Plan Database, Children’s Funding Project. [https://www.childrensfundingproject.org/american-rescue-plan](https://www.childrensfundingproject.org/american-rescue-plan)


- Results for America’s ARPA and COVID-19 resources for federal, state, and local policymakers: [https://results4america.org/page/covid-19-resources/](https://results4america.org/page/covid-19-resources/)