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## FISCAL UPDATE Article

Fiscal Services Division

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### CARES ACT COVID-19 FUNDING — CHILD CARE ASSISTANCE

**CARES Act Funding Plan.** The Department of Human Services (DHS) announced plans to utilize \$31.9 million received in Child Care Development Block Grant (CCDBG) funds appropriated through the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. The plan involves business sustainability strategies for financial support through policy changes for the Child Care Assistance (CCA) Program and creating new funding streams for providers.

**Policy Changes.** The following policy changes have been made to the CCA Program that can benefit families, licensed child care centers, registered child development homes, and nonregistered child care homes with a CCA Provider Agreement. These policy changes are estimated to cost \$6.2 million.

- **Unlimited Absences and School-Aged Full-Day Payments.** The DHS's plan to pay providers for all absences incurred by families was implemented in March and will be available through July. Reimbursements for school-aged children will also be paid at full-day amounts for this time frame. The reimbursements will only be available for licensed centers and registered child development homes. The estimated cost of this strategy is \$4.0 million.
- **Waiver of Family Copayments.** This will allow families to preserve their financial resources for immediate needs while still retaining their child's slot and reimbursing providers for the full-service amount. The waiver will be implemented with retrospective monthly payments available for April through July. The estimated cost of this strategy is \$2.0 million.
- **Miscellaneous Strategies.** Some funds will be used to provide hand sanitizer and other cleaning supplies directly to providers, cover the costs of background checks for employees at temporary emergency child care sites, and waive the temporary lapse policy for families that do not meet the regular work requirements. The estimated cost of this strategy is \$200,000.

**New Funding Streams.** The following new initiatives by the DHS total \$22.7 million. This funding will only be available to licensed child care centers and registered child development homes. Generally, to qualify for these funds, providers cannot receive gap funding such as small business grants, community development grants, school district funding, or payments from caretakers to hold slots. The DHS will make the final determination for eligibility on a case-by-case basis.

- **Monthly Stipends.** Providers will be paid a monthly stipend to address decreased revenues and enable providers to remain financially viable. Retrospective monthly payments will be available for April through July. Licensed child care centers will receive \$2,000 per month and registered child development homes will receive \$500 per month. Nonregistered child care homes are not eligible. The estimated cost of this strategy is \$13.7 million.
- **Monthly Stipends for Essential Employee Discounts.** Providers will be paid a monthly stipend if they offer workers in essential jobs a 25.0% discount on the cost of care. Licensed child care centers will receive \$2,000 per month and registered child development homes will receive \$500 per month, with retrospective payments available for May through July.

For purposes of the discount, essential jobs include:

- Hospital staff.
- Health care providers in private practice and direct care staff.
- Staff who provide critical government infrastructure.
- Emergency responders.
- Food service workers.

The estimated cost of this strategy is \$6.0 million.

- Rejuvenation Grants. These grants will provide financial assistance to child care providers that were open as of March 1, 2020, but are currently closed and want to reopen. Financial assistance will be available with one-time payments available through July that will provide assistance in two manners:
  - Start-Up Funds (Part A): Financial assistance to offset revenue losses of \$1,000 for licensed child care centers and \$450 for registered child development homes.
  - Cleaning Supplies (Part B): Financial assistance totaling \$500 for licensed child care centers and \$150 for registered child development homes to pay for cleaning, replenishing, or replacing equipment, materials, and supplies.

The estimated cost of this strategy is \$6.0 million.

**Additional Information.** Additional information can be found in the DHS's [news release](#) and the [frequently asked questions](#) document.

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